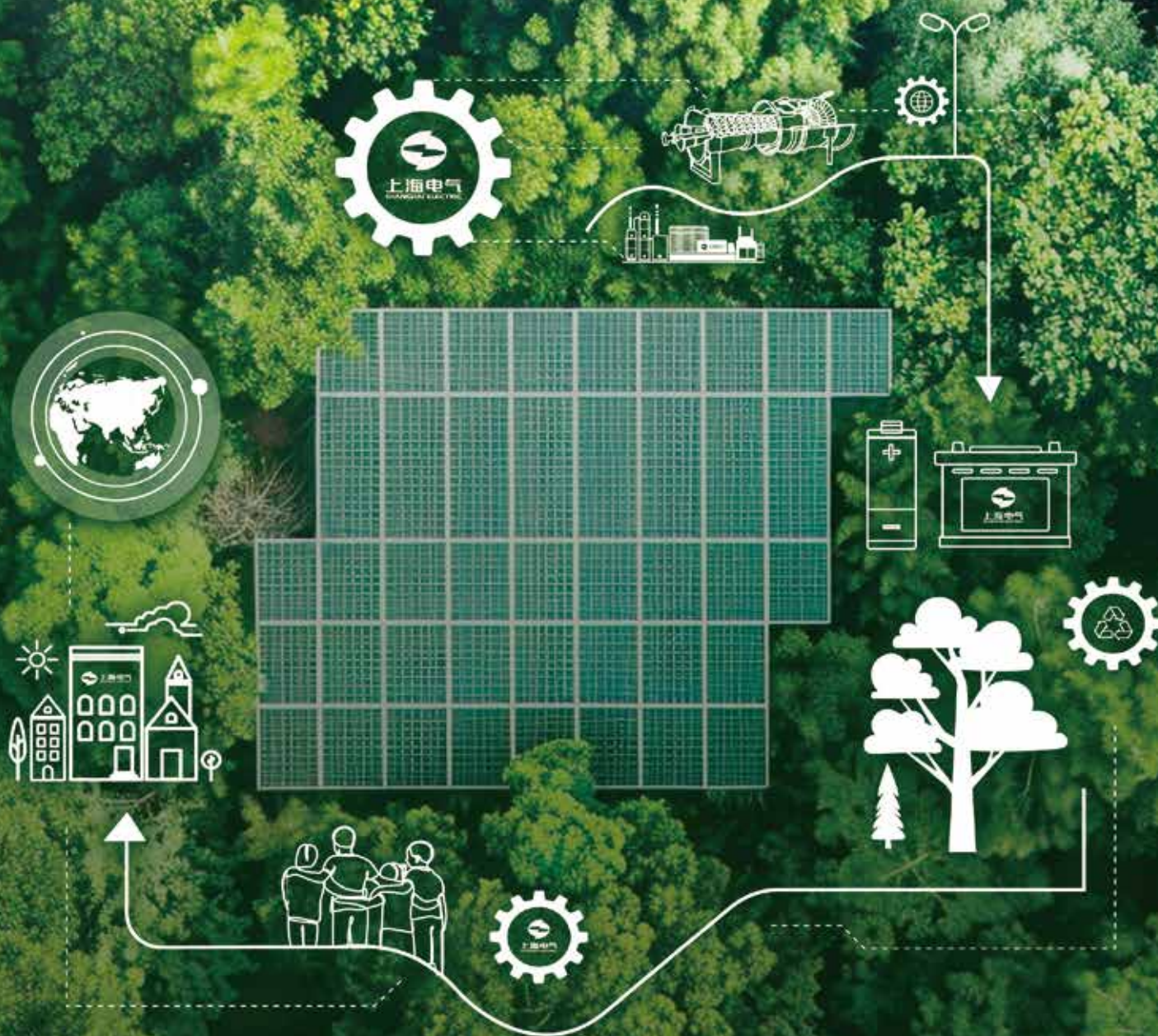


# 2024

## ANNUAL REPORT

Shanghai Electric Group Company Limited





# Performance Highlights



Total revenue of the Company for 2024 was

¥ 116,186 million

an increase of

1.2% year-on-year



Basic profit per share of the Company for 2024 was

¥ 0.048 yuan

basic profit per share of the Company for the corresponding period of last year was

¥ 0.018 yuan before restatement



Profits attributable to owners of the Company for 2024 was

¥ 752 million

profits attributable to owners of the Company for the corresponding period of last year was

¥ 285 million before restatement

¥ 803 million after restatement



New orders for 2024 amounted to

¥ 153.60 billion

an increase of

11.9% year-on-year



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# Chairman's Statement

In 2024, the global economy experienced a slow recovery, showing differentiated development trends, while the domestic economy operated with overall stability and steady progress, with Chinese-style modernization taking new and solid steps forward. Facing a complex environment with opportunities and challenges, the Group focused on the general principle of "serving national strategies, aligning closely with national needs, developing new quality productive forces, building core competitiveness, and achieving high-quality development". By benchmarking leading companies, maintaining stability while seeking progress, making key breakthroughs, overcoming difficulties, seizing opportunities and steadily advancing various key tasks, we laid a solid foundation for further promoting high-quality development.

During the year ended 31 December 2024 (the "Reporting Period"), the Company achieved the total revenue of RMB116,186 million, and the gross profit margin of the Company was 18.6%. The net profits attributable to owners of the Company was RMB752 million, and the basic profit per share of the Company was RMB0.048 yuan.



**Chairman Wu Lei**





During the Reporting Period, the Company obtained new orders in the amount of RMB153.60 billion. Among the new orders of the Company, orders for energy equipment amounted to RMB89.10 billion (of which orders for coal-fired power equipment, nuclear power equipment, wind power equipment and energy storage equipment amounted to RMB32.62 billion, RMB7.89 billion, RMB17.38 billion and RMB11.92 billion, respectively), orders for industrial equipment amounted to RMB42.29 billion, and orders for integration services amounted to RMB22.21 billion.

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

### **Focusing on National Strategies and Insisting on Deep Integration into the Overall Development**

We took serving national strategies as our responsibility, persistently integrating deeply into the optimization of national industries and the overall economic development of Shanghai. We actively undertook key national projects, focused on solving the national "bottleneck" core technologies, and continuously cultivate and forge capabilities to undertake national strategies. During the Reporting Period, we deeply engaged in national major projects, assisting in the successful assembly and ignition of the domestically





developed 300 MW F-class heavy-duty gas turbine prototype. In the field of nuclear power, during the Reporting Period, we undertook a total of 39 nuclear island main equipment units and 2 set of conventional island equipment, and successfully produced 31 nuclear island main equipment units and 1 set of conventional island equipment; we cumulatively completed and delivered 31 sets of nuclear island main equipment, encompassing the fully promoted mass construction of the "Hualong No.1", CAP series reactor projects, as well as significant national engineering projects such as high-temperature gas cooled reactors and sodium cooled fast reactors. We have achieved 100% localization capability of the Hualong series shaft sealed nuclear main pump, the batch production and processing of F-class heavy-duty gas turbine blades, and preliminary engineering application of precision machining technology for domestically produced heavy-duty gas turbine blades. During the Reporting Period, we supported a number of national and Shanghai key research projects in the fields of gas turbines, advanced nuclear energy, renewable energy, energy storage, industrial master machinery and artificial intelligence.

We actively seize opportunities of national energy policies to support the construction of a new electricity system. Through significant technological innovations and the first applications of new equipment, we demonstrate the responsibility as a major player in the industry. In the field of coal-fired power, we have made efforts towards the market of "three reforms linkages" (三改聯動) of coal-fired power generation stations, maintained the global record for the lowest coal consumption of coal-fired power units, achieved coal saving and carbon reduction, deep peak modulation, thermal electric decoupling and efficient heating, and continued to play an important role in building a clean, low-carbon, safe and efficient energy system. During the Reporting Period, we successively won the bids for multiple projects, including the Gansu Tengger Desert Hexi New Energy Base supporting Jinchang 2x1000 MW peak regulation coal power project, the Rongsheng Jintang 2x660 MW project, the State Power Investment Corporation's Fenxi Power Plant 2x1000 MW units expansion project, the Huainan Luohe Power Plant Phase IV 2x1000 MW ultra-supercritical reheat coal-fired power project, the China Resources Xiantao Phase II 2x660 MW ultra-supercritical coal-fired project, and the Huadian Wangting

2x660 MW unit expansion project, injecting new momentum into the upgrading of energy structures. In the field of wind power, Shanghai Electric Wind Power Group Co., Ltd (上海電氣風電集團股份有限公司) ("SEWP"), a subsidiary of the Company, has maintained the top position in cumulative installed offshore wind power capacity in China for eleven consecutive years, amassing the country's largest offshore wind power sample library and creating multiple benchmark offshore wind projects. During the Reporting Period, SEWP customized Asia's first offshore wind SOV (service operation vessels), "Zhi Zhen 100" and "Zhi Cheng 60", which integrate efficient, green, intelligent, and safe operation and maintenance capabilities. These two vessels not only meet domestic market demands for offshore wind power plant operation and maintenance services but also fill the international demand for offshore wind operation and maintenance equipment. SEWP is poised to capitalize on domestic and international market opportunities to maximize the economic benefits of these vessels. The "Design Requirements for Floating Offshore Wind Turbines", drafted by the lead of SEWP, was released in May 2024, promoting the standardization of floating wind turbine design specifications in China and further facilitating the development of China's deep-sea wind power market.

We have accelerated the cultivation and establishment of key industry "chain leaders" to serve the development of national strategic industries. In the field of aviation assembly and manufacturing lines, we rely on our advanced manufacturing capabilities and integrated equipment strength to provide safe and controllable intelligent solutions for high-end manufacturing customers such as aircraft manufacturer and aviation engine manufacturer, and as a part of China's aviation industry, we are committed to building independent and controllable localization capabilities. During the Reporting Period, Broetje, a subsidiary of the Company, won the contract for the aircraft assembly line in China from an international aircraft manufacturer, and will achieve localized delivery of the turnkey project through Broetje Shanghai, leading the sustainable development of the aerospace business on an ongoing basis. During the Reporting Period, we won the bid for the digital aviation engine assembly smart factory (Phase I) project, providing a turnkey solution for the first domestic smart factory for aviation engines with multiple modules and systems, we also secured the



order of an automatic drilling and riveting production line for the front and middle fuselage panels of the C919, contributing to the localization of automatic drilling and riveting equipment. In the field of intelligent transport, Thales SEC Transportation System Limited Company, a subsidiary of the Company won bids for several signaling system projects with its TSTCBTC® autonomous signaling system, including the Changchun Metro Line 9 (Airport Line) Phase I, Qingdao Metro Line 8 branch line, Shanghai Metro Line 21 Phase I and its eastern extension, Shanghai Metro Line 6 renovation, and Wuhan Metro Line 3 Phase I and II renovations, and delivered signaling system projects for six metro lines in cities including Guangzhou, Zhengzhou and Hefei, contributing to the rapid development of the city and convenient travel for the masses. In the field of industrial basic parts our blade business has achieved a leap from traditional coal-fired power turbines industry to the aviation, aerospace, and gas turbine industries, and upgraded from single energy blade business to various high-end products such as aviation blades, key core components, and hot end components, becoming a leading enterprise in the manufacturing of key core components in the "gas turbine and aircraft engine" field. Our bearing business continues to expand its market in fields such as aerospace and aviation, high-speed rail transit, medical equipment, industrial equipment, and automotive bearings.

### **Insisting on Self-reliance and Self-improvement and Accelerating Breakthroughs in Technology Research and Development**

We promoted industrial layout with hard-core technology and realized breakthroughs in core technology fields. The first "300 MW coal-fired power unit generator renovation project to add synchronous condenser functions", in which we participated, was selected as part of the fourth batch of significant technological equipment in the energy sector announced by the National Energy Administration. We jointly developed the first domestic set of million-level (1300MW) nuclear power generator protective rings, which passed expert group acceptance, and achieved manufacturing standards on par with imported protective rings, marking a significant breakthrough in the localization of million-level nuclear power protective ring manufacturing. We also launched the

largest domestic 2×9 MW dual-drive mill motor, which was designed with collaborative efforts using digital simulation analysis techniques, optimizing technical parameters and structural forms through multiple iterations on electromagnetic scheme, cooling scheme, structural scheme, etc., greatly enhancing the reliability and stability of motor operation. In the field of new energy, SEWP has completed the production of the world's largest capacity grid-type 10MW wind turbine, which is customized and developed for the high wind speed environment in deserts and wasteland and large capacity model requirements. We completed the launch of the world's first 16MW low-frequency offshore wind turbine, with broad application scenarios including mid- and far-sea large-scale offshore wind power, large-scale new energy aggregation grid in deserts and wasteland, and wide-area weak power grids. We released a new generation of Z-series alkaline electrolyzer product with single-unit hydrogen production capacity covering 50-3000 Nm<sup>3</sup>/h, providing customers with high-efficiency, high-reliability and low-cost electrolysis water hydrogen production products. The first 20Hz low-frequency high-voltage universal circuit breaker, developed by the People's Electric Factory of Shanghai Electric Co., Ltd., has obtained certification from the China Quality Certification Center, indicating that China has reached international leading levels in the field of low-frequency high-voltage universal circuit breakers. By leveraging digital simulation technology, intelligent manufacturing technology, and evaluation and testing technology, Shanghai Mitsubishi Elevator Co., Ltd. ("SMEC"), a subsidiary of the Company, focused on breakthroughs in core technology and key components, and released 12.5m/s ultra-high-speed elevator, setting a new speed record for elevators made in China and fully covering the current demand for elevators in super high-rise buildings.

We adhered to the principle of "steadfastly following the path of high-level Sci-tech self-reliance and self-strengthening, supporting the high-quality development of industries", continuously increasing R&D investment and accelerating the transformation of scientific achievements. We strengthened collaboration with domestic universities and research institutions with professional expertise to promote the in-depth integration of industry, university and research, build a technological innovation ecosystem. We issued the Shanghai Electric Technology







Innovation Opinions (2024 Edition) (上海電氣科技創新若干意見 (2024版) ) to lead development with major projects, accelerate the construction of an open technological innovation system, create a high-level science and technology innovation platform, cultivate a team of high-quality innovative talents, and foster a favourable environment for technological innovation. Led and jointly established by the central research institute of the Company, the "Shanghai Key Laboratory of Resource Electrothermal Conversion and Cycling" was approved by Shanghai Science and Technology Commission for its establishment. The laboratory will closely align with the national dual-carbon goals, new industrialization strategies, as well as Shanghai green shipping and waste-free cities strategies, conduct in-depth research on electrochemistry and thermochemistry technology pathways, and actively expand the new AI for Science research and development paradigm of "data + mechanism", aiming to convert end-of-life waste into green fuels and materials for efficient resource recycling.

The technological strength of our key industries continued to advance, with independent R&D projects receiv-

ing multiple awards. During the Reporting Period, the project of "Core Technology and Equipment for Precision Manufacturing of High-Capacity Lithium-Ion Batteries" participated by Shenzhen Yinghe Technology Co., Ltd. ("Yinghe Technology"), a subsidiary of the Company, won the second prize for National Science and Technology Progress in 2023. Among the 2023 Shanghai Science and Technology Awards, the project of "Key Technologies, Equipment, and Applications for Fine Control of Battery Energy Storage Systems" that we participated won the first prize for technological invention, the project of "Low Emission and High Stability Combustion Technology for Civil Aviation Engines based on Unsteady Combustion Theory and Its Application" that we participated won the second prize for technological invention, the projects of "Development and Application of Ultra-Low Back Pressure, Extra-Long Shaft Secondary Reheat Steam Turbine with Million-Kilowatt Capacity", "Precision Calculation and Decoupling Tracing and Full-Process Management Technology for Vibration Noise in Generalized Motor Systems" and "R&D and Industrialization of Large Forgings for Core Equipment of Hualong One Nuclear Island" that we participated all won second prizes of science and



technological progress prize. The project of "R&D and Industrialization of 600MW High-Temperature Gas-Cooled Reactor Main Equipment" that we participated won the Excellent Project Award for Shanghai Industry-University-Research Cooperation in 2023.

### **Deepening High-end Equipment Industry Chain and Continuously Promote Industrial Upgrading and Transformation**

We have deepened the expansion and collaboration of industrial chains, accelerating the green and low-carbon transformation of core industries. In the field of energy storage, we actively deployed technologies such as compressed air energy storage and liquid flow energy storage, building a diverse energy storage industry ecosystem. We have mastered integrated equipment solutions for compressed air energy storage systems ranging from 10MW to 660MW,

capable of flexibly meeting the demands for air storage projects of various scales. During the Reporting Period, the Hubei Yingcheng 300MW compressed air energy storage power plant demonstration project that we participated in the construction achieved grid connection, setting three world records in single unit power, energy storage scale, and conversion efficiency. This project is a national pilot demonstration project for new energy storage and has been selected as the first major technical equipment in the third batch of the national energy field. The Jiangsu Guoxin Huai'an 2×300 MW compressed air energy storage project we participated is the first compressed air storage power plant project using molten salt as the high-temperature heat storage medium, with the highest design heat storage temperature in the industry, and the conversion efficiency of the entire energy storage system has reached a leading level in China. During the Reporting Period, with our profound technical expertise in the field of all vanadium





flow batteries, we won the bid for the 10MW/20MWh all vanadium flow energy storage system in the Jiangsu Guanyun energy storage project. We have completed the delivery of the 50MW/200MWh all vanadium flow energy storage system for the 605MW/1410MWh energy storage project in Dengkou County for Inner Mongolia Energy Group. In the field of hydrogen energy, the Taonan wind power coupled biomass green methanol integrated demonstration project invested and constructed by us has obtained ISCC EU certification for biomass collection, treatment, and gasification coupled with green hydrogen production, achieving full-process certification from raw material to production, making it the first large-scale green methanol production project in China to receive ISCC certification using biomass and green hydrogen as raw materials. During the Reporting Period, we continued to make efforts in the alkaline and PEM electrolyzed water markets, won hydrogen energy orders in multiple fields such as electricity, transportation and chemical industry, and entered into contract for the 5-megawatt photovoltaic hydrogen production station project in Wenberg, France, achieving breakthroughs in overseas markets.

By leveraging digital and intelligent technologies, we have accelerated the transformation of core industries towards digitization and intelligence. We continued to increase our investment in intelligent manufacturing, promoting intelligent upgrades of more factories. Currently, ten of our subsidiaries have been recognized as advanced intelligent factories in Shanghai. We have actively created the "Shanghai Electric Scheme" for the digital intelligence transformation of energy and high-end equipment. We strengthened the construction of cloud computing, industrial Internet, artificial intelligence, blockchain and other digital infrastructure and the application of cutting-edge technologies, to closely integrate with the industry, promote the efficient complementation and synergy of all entities in the digital industry ecosystem, expand the new scene of digital intelligence integration and application to comprehensively improve the automation, digitization and intelligence of industry. During the Reporting Period, we released the "SEunicloud" industrial internet platform 5.0, integrating updates across four dimensions: smart supply chain, energy-carbon smart management, digital engineers, and safety and reliability, thereby establishing connections within the industrial value

chain on the platform.

## Implementing Management Reforms and Fully Activating Enterprise Development Potential

By leveraging the deepening reforms of state-owned enterprises, we continued to optimize corporate governance and control, enhancing the standard of operation and management and activating enterprise development potential. Shanghai United Rolling Bearing Co., Ltd. and Shanghai Electric Power Station Equipment Co., Ltd., two subsidiaries of the Company, were selected as "Sci-Tech Reform Enterprises" and "Double Hundred Enterprises" by the State-owned Assets Supervision and Administration Commission of the State Council. They will participate in special reform projects for state-owned enterprises of "Sci-Tech Reform Enterprises" and "Double Hundred Enterprises" as the pilot entities, aiming to become innovative state-owned enterprises driven by two wheels of deepening market-based reforms and enhancing autonomous innovation capabilities. Through implementing institutional reforms at headquarters of the Group, we further strengthened core functions of the Group's headquarters, including "party building leadership, strategic management and control, resource allocation, team building and risk prevention", emphasized strategic leadership, enhanced market capabilities, optimized operational functions, and integrated and optimized the promotion of the "big department system"; optimized resource sharing and fostered cross-sector collaboration within the Group via the "Major Client Director System"; continuously expanded and optimized intelligent supply chain management platforms to increase centralized procurement categories and coverage, and improve management efficiency; and established a carbon management service platform to systematically conduct green and low-carbon management by using carbon emission statistics and accounting standards.

We prioritize the strategy of "talent as the primary resource", continuously strengthening the building of the cadre and talent team. We improve the technological talent training system, implement programs such as the Science and Technology Experts Lecture and Project Leader Training Courses, summarize and optimize the recruitment and training mechanisms for group technical trainees and selected engineers

from Shanghai, reserve and train future outstanding engineers in key areas. We deepen cooperation with universities focusing on an open technological innovation system, and strive to create new ecology for talent cultivation through collaborative training for engineering master's and doctoral students and creation of industry-specific demonstration bases for industry-university-research integration. Based on Li Bin Technical Institute, we established the Shanghai Intelligent Manufacturing Craftsman Academy, actively cultivating urgently needed, multi-skilled craftsmen to advance the high-end, intelligent, and green development of industries. This academy has been included in the list of one hundred key supported craftsmen academies announced by the All-China Federation of Trade Unions for 2024. We continuously make efforts to select and optimize cadres and improve assessment and incentive mechanisms, emphasize a clear orientation in personnel selection and application of assessment results, implement the principle of "cadres can work both at the top and bottom", and promote the gradual optimization of the age structure of the cadre team; increase the intensity of assessment incentives to balance rewards and penalties.

In 2025, we will continue to focus on the main theme of "serving national strategies, aligning closely with national needs, developing new quality productive forces, building core competitiveness, and achieving high-quality development", proactively serve national strategies, concentrate on main responsibilities and businesses, upgrade industrial capacity and level, breakthrough hard-core technologies, optimize control and governance, cultivate new-quality productive forces for the future, strive to build core competitiveness, further elevate the golden brand of "Made in Shanghai", so as to make greater contributions to the building of a great country and development of the city.

**Wu Lei**

Chairman

Shanghai, the PRC

28 March 2025



# Corporate Profile

## Corporate Information

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

## Contact Person and Contact Details

	Secretary to the Board
Name	Fu Min
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	No. 16 Lane 1100, Huashan Road, Shanghai (zip code: 200052)
Business address	No. 110 Sichuan Middle Road, Huangpu District, Shanghai (zip code: 200002)
Company website	<a href="http://www.shanghai-electric.com">http://www.shanghai-electric.com</a>
Company email	<a href="mailto:service@shanghai-electric.com">service@shanghai-electric.com</a>

## Information Disclosure and Place for Inspection of Annual Report of the Company

Company's designated newspapers for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times
The Company's annual reports available at	Office of the Board of the Company
Website designated for publishing annual report required by China Securities Regulatory Commission	www.sse.com.cn
Website designated for publishing annual 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	H Shares
Shanghai Branch of China Securities Depository and Clearing Corporation Limited	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	Ernst & Young Hua Ming LLP
Business address of domestic auditors appointed by the Company	Level 17, Ernst & Young Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, China
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	Clifford Chance



# Five-year Financial Summary

Unit: million Currency: RMB

	2020 (Restated)	2021 (Restated)	2022 (Restated)	2023 (Restated)	2024
<b>Revenue and profit</b>					
Revenue	137,285	130,261	117,623	114,797	116,186
Profit/(loss) before tax	6,346	(10,290)	(1,711)	3,813	3,740
Tax	(1,080)	50	(338)	(1,140)	(1,044)
Net profit (loss)	5,266	(10,240)	(2,049)	2,673	2,695
<b>Attributable to:</b>					
Owners of the Company	3,758	(9,988)	(3,302)	803	752
Non-controlling interests	1,508	(252)	1,253	1,870	1,943
Dividend	1,127	-	-	-	-
<b>Earnings per share attributable to ordinary equity holders of the Company</b>					
Basic earnings per share (cents)	25	(64)	(21)	5.2	4.8
<b>Assets and liabilities</b>					
Non-current assets	87,457	91,026	89,487	94,251	98,716
Current assets	227,947	209,777	201,155	191,914	203,789
Current liabilities	(183,492)	(168,879)	(163,525)	(167,695)	(190,492)
Net current assets	44,455	40,898	37,630	13,297	24,219
Total assets less current liabilities	131,912	131,924	127,117	118,470	112,013
Non-current liabilities	(25,061)	(33,778)	(30,301)	(38,615)	(34,633)
Net assets	106,850	98,145	96,815	79,855	77,380
Equity attributable to owners of the Company	66,402	58,135	57,483	55,726	53,190
Non-controlling interests	40,448	40,010	39,332	24,129	24,190

Notes:

1.As approved at 2019 annual general meeting, the Company prepares only one set of financial statements in accordance with the PRC Accounting Standards for Business Enterprises from 2020 onwards. In the above table, the financial summary for the years 2020 to 2024 represents the data in the financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises.

2.During the Reporting Period, Shanghai Electric Automation Group Co., Ltd.\* (上海電氣自動化集團有限公司), a wholly-owned subsidiary of the Company, acquired 100% equity interest in Shanghai Ningsheng Industrial Co., Ltd.\* (上海寧笙實業有限公司) ("Ningsheng Industrial") (The net profit of Ningsheng Industrial for 2023 and 2024 was RMB0.52 billion and RMB0.30 billion, respectively) held by Shanghai Electric Holding Group Co., Ltd. (上海電氣控股集團有限公司) ("SEG") in cash. Pursuant to Accounting Standards for Business Enterprises No. 33, this transaction constitutes a business combination under the same control and requires retrospective adjustments to the comparative financial statements.

# Key Accounting Data and Financial Indicators

Unit: '000 Currency: RMB

Key accounting data and financial indicators	2024	2023 (Restated)	Year-on-year increase/ decrease (%)
Total assets	302,504,988	286,165,000	5.7
Net assets attributable to shareholders of the parent company	53,189,916	55,725,727	-4.6
Net assets per share attributable to shareholders of the parent company (RMB/share)	3.41	3.58	-4.7
Revenue	116,186,116	114,797,077	1.2
Operating profit	3,701,784	3,873,321	-4.4
Profit before tax	3,739,745	3,813,000	-1.9
Net profit attributable to shareholders of the parent company	752,480	803,346	-6.3
Basic earnings per share (RMB/share)	0.048	0.052	-7.7
Weighted average return on net assets (%)	1.42	1.42	-
Net cash flows generated from operating activities	17,638,541	7,761,466	127.3
Net cash flows per share generated from operating activities (RMB/share)	1.13	0.50	126.0





## Share Capital Structure

As at 31 December 2024	Number of shares	Approximate percentage of issued share capital
A shares	12,655,327,092	81.23%
H shares	2,924,482,000	18.77%
Total	15,579,809,092	100.00%

# Disclosure of Interests

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

The followings are interests and short positions of substantial shareholders as at 31 December 2024 as recorded in the register required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance, Hong Kong ("SFO") and as to the knowledge of the Company:

Name of Substantial Shareholder	Class of shares	Identity	Note	Number of shares	Nature of Interest	Approximate percentage of shareholding in the relevant class of shares (%)	Approximate percentage of shareholding in the total issued share capital of the Company (%)
State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government	A	Interest of controlled corporation	1	7,550,612,636	Long position	59.66	48.46
	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	6,400,435,385	Long position	50.58	41.08
	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	364,878,696	Long position	2.88	2.34

Notes:

1. SEGC, 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. SEGC 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 31 December 2024 required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO.



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

As at 31 December 2024, none of the directors, supervisors or chief executives of the Company (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules")) of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified by the directors, supervisors or chief executives to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Hong Kong Listing Rules. In addition, no right to acquire the aforementioned interests had been granted to the directors, supervisors or chief executives of the Company.



# Directors, Supervisors, Senior Management and Staff

## Changes in Shareholdings and Remuneration of Directors, Supervisors and Senior Management

Name	Position	Gender	Age	Current term of office commencing on	Current term of office ending on	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares for the year	Reason for the change	Total remuneration received from the Company during the reporting period (RMB in ten thousand) (before tax)
Wu Lei	Executive Director and chairman of the Board	Male	47	9 January 2024	To present (Note 1)					72.36
Zhu Zhaokai	Executive Director and president	Male	56	18 September 2018 (executive Director) 4 March 2025 (president)	To present (Note 1)					143.875
Dong Jianhua	Executive Director and vice president	Male	59	18 September 2024 (executive Director) 18 September 2018 (vice president)	To present (Note 1)					137.362
Shao Jun	Non-executive Director	Male	50	23 February 2024	To present (Note 1)					
Lu Wen	Non-executive Director	Female	48	23 February 2024	To present (Note 1)					
Xu Jianxin	Independent non-executive Director	Male	69	14 November 2019	To present (Note 1)					25
Liu Yunhong	Independent non-executive Director	Male	48	25 November 2020	To present (Note 1)					25
Du Zhaohui	Independent non-executive Director	Male	60	18 September 2024	To present (Note 1)					10.42
Xu Jianguo	Supervisor	Male	60	18 September 2024	To present (Note 1)					
Guo Haohuan	Supervisor	Female	44	18 September 2024	To present (Note 1)					
Yuan Shengzhou	Supervisor (employee representative)	Male	59	20 May 2019	To present (Note 1)					94.130
Jin Xiaolong	Vice president	Male	57	18 September 2018	To present (Note 1)					138.059
Yang Hong	Vice president	Female	52	30 September 2020	To present (Note 1)					137.995
Xiao Weihua	Vice president	Male	52	13 May 2024	To present (Note 1)					37.840
Jia Tinggang	Vice president	Male	51	13 May 2024	To present (Note 1)					37.840



Name	Position	Gender	Age	Current term of office commencing on	Current term of office ending on	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in the number of shares for the year	Reason for the change	Total remuneration received from the Company during the reporting period (RMB in ten thousand) (before tax)
Fu Min	Chief financial officer and secretary to the Board	Female	51	13 May 2024 (chief financial officer) 10 September 2024 (secretary to the Board)	To present (Note 1)					114.006
Hu Xupeng	Vice president	Male	49	4 March 2025	To present (Note 1)					
Zhang Yan	Chief auditor and chief compliance officer	Female	49	13 May 2024	To present (Note 1)					80
Liu Ping	Executive Director and president (resigned)	Male	54	8 November 2021 (executive Director) 23 August 2021 (president)	7 June 2024					77.373
Yao Minfang	Non-executive Director (resigned)	Female	57	18 September 2018	23 February 2024					
Li An	Non-executive Director (resigned)	Female	63	18 September 2018	23 February 2024					
Xi Juntong	Independent non-executive Director (resigned)	Male	61	18 September 2018	18 September 2024					18.75
Cai Xiaoqing	Supervisor and chairman of the supervisory committee (resigned)	Male	60	28 June 2021	18 September 2024					133.663
Han Quanzhi	Supervisor (resigned)	Male	60	18 September 2018	18 September 2024					
Chen Ganjin	Vice president (resigned)	Male	56	18 September 2018	13 May 2024					61.685
Gu Zhiqiang	Vice president and chief economist (resigned)	Male	60	18 September 2018 (vice president) 13 May 2024 (chief economist)	13 May 2024 (vice president) 30 December 2024 (chief economist)					121.660
Zhou Zhiyan	Chief financial officer and secretary to the Board (resigned)	Male	61	14 January 2022	13 May 2024 (chief financial officer) 1 August 2024 (secretary to the Board)					79.80
Tong Liping	Chief legal officer (resigned)	Female	53	18 September 2018	4 March 2025					133.00

Notes: 1.The terms of the fifth session of the Board and the Supervisory Committee of the Company expired on 17 September 2021. As the nomination of candidates and relevant work for the new session of the Board and the Supervisory Committee have not been completed, the election of the members of the Board and the Supervisory Committee will be postponed so as to maintain the continuity and stability of the work of the Board and the Supervisory Committee. The terms of the special committees of the Board and the senior management of the Company will be extended correspondingly. All the members of the fifth session of the Board and the Supervisory Committee and of the senior management of the Company will continue to fulfill their respective obligations and responsibilities in accordance with the relevant laws and regulations and the articles of association of the Company until the completion of the election of the new session of the Board and the Supervisory Committee.

2.The 97th meeting of the Board of the Company held on 1 August 2024 approved the appointment of Ms. Fu Min as: the secretary to the Board. As Ms. Fu Min did not obtain the training certificate for the secretary to the board of directors of the Main Board issued by the Shanghai Stock Exchange, Ms. Fu Min temporarily performed the duties of the secretary to the Board. The appointment of Ms. Fu Min was formally effective from 10 September 2024 on which Ms. Fu Min acquired the training certificate for the secretary to the board of directors of the Main Board issued by the Shanghai Stock Exchange.

## Major Work Experience

### Wu Lei

Dr. Wu is currently the secretary of the Party Committee, an executive Director and chairman of the Board of the Company, the secretary of the Party Committee and chairman of the board of directors of SEGC, the chairman of the board of directors of SMEC, the chairman of the board of directors of Mitsubishi Electric Shanghai Mechanical & Electrical Elevator Co., Ltd., and a representative to the 16th Shanghai Municipal People's Congress. Dr. Wu served as the deputy general manager of SAIC Motor Manufacturing Co., Ltd., assistant to chairman of SAIC Motor Corporation Limited, deputy general manager of Volkswagen Transmission (Shanghai) Co., Ltd., executive director of the finance department of Shanghai Automotive Industry Corporation (Group), member of the disciplinary inspection committee and chief financial officer of Shanghai Automotive Industry Corporation (Group), vice president of SAIC Motor Corporation Limited, deputy head of planning department at the Ministry of Industry and Information Technology of China (temporary post), deputy director of Shanghai Municipal Commission of Economy and Informatization, director of Shanghai Municipal Office of National Defense Science and Technology Industry (上海市國防科技工業辦公室) and executive deputy director of Shanghai Municipal Office of Commission for Integrated Military and Civilian and Development (上海市委軍民融合發展委員會辦公室) (Bureau-head level). Dr. Wu obtained a doctor's degree in management and is a senior engineer.

### Zhu Zhaokai

Mr. Zhu currently serves as the deputy secretary of the Party Committee, an executive Director and the president of the Company, a director of SEGC. Mr. Zhu served as the deputy secretary of the Party Committee and secretary of Commission for Discipline Inspection of the turbine factory of Shanghai Electric Power Generation Equipment Co., Ltd. and Shanghai Turbine Works Co., Ltd., the secretary of the Party Committee and an executive director of the turbine factory of Shanghai Electric Power Generation Equipment Co., Ltd. and Shanghai Turbine Works Co., Ltd., the head of the human resources department of Shanghai Electric (Group) Corporation, the secretary of the Party Committee of Shanghai Electric Power Generation Group, the chairman of labor union of the Company, the chairman of labor union of Shanghai Mechanical and Electrical Union, president of the Party School of Shanghai Electric (Group) Corporation and dean of Shanghai Electric Li Bin Technician College. Mr. Zhu graduated from Hefei University of Technology with a bachelor's degree in engineering and from Shanghai Jiao Tong University with a master's degree in business administration. He is a professor-level senior economist.

### Dong Jianhua

Mr. Dong is currently an executive Director and a vice president of the Company, a director of SEGC and the chairman of the board of directors of Shanghai Highly (Group) Co., Ltd. He served as the vice president and chief financial officer of SEGC, chairman of the supervisory committee of the Company and the secretary of the Party Committee of J-Yuan Trust Co., Ltd.. Prior to joining SEGC, Mr. Dong served as the assistant to the head and the deputy head of Infrastructure Office, the deputy head and head of the Fixed Assets Investment and Audit Office, the head of the Financial Audit Office of Shanghai Municipal Audit Bureau. Mr. Dong has been involved in professional auditing for more than 20 years. Mr. Dong graduated from Shanghai Tongji University with a bachelor's degree in engineering. He also obtained a master's degree in business administration from Shanghai Jiao Tong University. Mr. Dong is a professor-level senior economist.



### Shao Jun

Mr. Shao is currently a non-executive Director of the Company, the general manager of the investment management department of Shenergy (Group) Company Limited, a director of Shanghai LNG Company Ltd., a director of Shenergy Co., Ltd., a director of Shanghai Shenergy Energy Service Co., Ltd., a director of Shanghai Jiulian Group Co., Ltd., the vice chairman of the board of directors of Shanghai Shenergy Nengchuang Energy Development Co., Ltd. and the vice chairman of the board of directors of Shanghai Port Energy Co., Ltd.. Mr. Shao served as the manager, senior manager and deputy director in the general manager office of the West-East Natural Gas Transmission Pipeline Branch of China National Petroleum Corporation, deputy researcher of energy development department and deputy director of the energy department of Shanghai Municipal Development & Reform Commission, deputy manager of the investment management department of Shenergy (Group) Company Limited, deputy general manager of Shanghai Gas (Group) Co., Ltd., vice president of Shanghai Gas Co., Ltd., and chairman of the supervisory committee of Shanghai Jiulian Group Co., Ltd. Mr. Shao holds a bachelor's degree in philosophy and is an economist.

### Lu Wen

Ms. Lu is currently a non-executive Director of the Company, the vice president and employee director of Shanghai State-owned Capital Investment Co., Ltd., a director of Arcplus Group PLC, the chairlady of board of directors of Shanghai Futeng Private Equity Fund Management Co., Ltd., the chairlady of board of directors of Comprehensive Reform Experimental Enterprise Management (Shanghai) Co., Ltd., a supervisor of Shanghai Guotou Pioneer Private Equity Fund Management Co., Ltd., the executive director and president of Shanghai Guotou Capital Management Co., Ltd. and the chairlady of board of directors of Shanghai State-owned Capital Investment FOF Co., Ltd.. Ms. Lu served as an audit manager of PricewaterhouseCoopers Zhong Tian LLP, vice president of Shanghai Lingang Fengxian Economic Development Co., Ltd., vice president of Shanghai Industrial Zone Development General Company, executive vice president of Shanghai Lingang Economic Development (Group) Investment Management Co., Ltd., the director, executive vice president and the board secretary of Shanghai Lingang Holdings Co., Ltd., the director of the investment development department and the investment management department of Shanghai Lingang Economic Development (Group) Co., Ltd.. Ms. Lu holds a master's degree in accounting and is a certified public accountant.

### Xu Jianxin

Dr. Xu currently serves as an independent non-executive Director of the Company, the senior vice president of Shanghai Purest Investment Management Co., Ltd., an independent director of QST Corporation Ltd. (上海矽睿科技股份有限公司) and an independent director of Shanghai Jin Jiang International Hotels Company Limited (上海錦江國際酒店股份有限公司). From February 1982 to November 1997, Dr. Xu served as a lecturer and associate professor of accounting at Shanghai University of Finance and Economics. From November 1997 to December 2014, he served as the deputy chief accountant, director, chief financial officer, and chief economist of Orient International (Holding) Co., Ltd.. Since January 2015, he has served as the senior vice president of Shanghai Purest Investment Management Co., Ltd.. Dr. Xu graduated from Shanghai University of Finance and Economics with a doctorate. He is a professor-level senior accountant and a Chinese certified public accountant.

### Liu Yunhong

Dr. Liu currently serves as an independent non-executive Director of the Company, the deputy head of the Institute of International M&A and Investment of Renmin University of China, the head of Foresea Life Insurance (Shanghai) Research Institute, an independent director of Sinolink Securities Co., Ltd., an independent director of Shanghai Rural Commercial Bank Co., Ltd., doctoral supervisor of economic law at East China University of Political Science and Law. Dr. Liu has served as the head of Legal and Compliance Division of Guotai Asset Management Co., Ltd., did post-doctoral research work at the Shanghai Stock Exchange, served as general manager of Investment Banking Department of Aerospace Securities Co., Ltd. and successively served as the general manager of the Investment Banking Department and the assistant to president of Hwabao Securities Co., Ltd.. Dr. Liu obtained a doctorate's degree in law from Renmin University of China, and is a post-doctoral fellow in economics and law and a research fellow.

### Du Zhaohui

Dr. Du currently serves as an independent non-executive Director of the Company, the dean and Distinguished Professor of the School of Mechanical and Power Engineering of Shanghai Jiao Tong University. He is also the executive director of the Chinese Dynamic Engineering Society (中國動力工程學會), and chairman of the Shanghai Engineering Thermophysics Society (上海市工程熱物理學會). Dr. Du was a postdoctoral researcher and guest researcher at Tokyo University in Japan, Seoul National University in Korea, and the University of Illinois Urbana-Champaign in the U.S.. and he was the executive vice dean of the Graduate School and the secretary of the Party committee of the School of Mechanical and Power Engineering of Shanghai Jiao Tong University. Dr. Du is engaged in the theoretical and experimental research on power machinery. In the past five years, he has presided over more than 20 projects of the National Natural Science Foundation of China, major projects of the National Defense Basic Research Program, national key R&D projects, international and corporate research cooperation projects, etc. He has published more than 120 papers, and has been granted 11 national invention patents and received the second prize of the National Achievement of Education Award and the first prize of the Shanghai Technological Invention Award, among other prizes. Dr. DU graduated from Northwestern Polytechnical University with a doctorate degree in engineering.

### Xu Jianguo

Mr. Xu is currently a supervisor of the Company, the vice president and chief financial officer of SEGC, the secretary of the Party Committee of Shanghai Electric Finance Group, a director of Shanghai Electric Group Finance Company Limited, a director of Haitong Securities Co., Ltd. and Shanghai Life Insurance Co., Ltd.. Mr. Xu served as an assistant to the financial manager of the first management department of Shanghai Electric Assets Management Company Limited, the chief financial officer of Shanghai Li Da Heavy Industrial Manufacturing Limited, the deputy head of the assets and finance department of Shanghai Electric Assets Management Company Limited, the deputy head of the financial budget department of Shanghai Electric (Group) Corporation, a director of Shanghai Prime Machinery Company Limited, the head of the finance and budget department of SEGC, and the president of Shanghai Electric Finance Group. Mr. Xu graduated from the Chinese University of Hong Kong with a master's degree in accounting and is a professor-level senior accountant.

### Guo Haohuan

Ms. Guo is currently a supervisor of the Company, the head of the finance and budget department of SEGC, a supervisor of Shanghai Highly (Group) Co., Ltd., a director of Shanghai Electric Group Finance Company Limited, the executive director of Shanghai Yintong Industrial Co., Ltd., the chairlady of board of directors of Shanghai Lixin Industrial Co., Ltd. and a director of Humanoid Robot (Shanghai) Co., Ltd.. Ms. Guo served as the officer of the assets and finance department of Shanghai Electric Assets Management Company Limited, the officer, senior officer, manager and senior manager of the finance and budget department, the senior manager of the enterprise reform office and the deputy head of the integrated management department of Shanghai Electric (Group) Corporation, the senior manager of the enterprise reform office of the Company, the chief financial officer of Shanghai Electric Enterprise Development Co., Ltd., and the deputy head of the integrated management department of SEGC. Ms. Guo graduated from Shanghai University of Finance and Economics with a master's degree in management and is a senior accountant.

### Yuan Shengzhou

Mr. Yuan currently serves as an employee representative of the supervisory committee, the executive vice chairman of labor union of the Company and the executive vice chairman of labor union of Shanghai Mechanical and Electrical Union. Mr. Yuan served as the secretary of the Youth League Committee, the director of general office and the deputy secretary of the Party Committee, the secretary of the commission for discipline inspection, the chairman of labor union, the chairman of supervisory committee, the secretary of the Party Committee, and an executive director of Shanghai Institute of Mechanical & Electrical Engineering Co., Ltd., the deputy secretary of the Party Committee and the vice president of Shanghai Electric Environmental Protection Group, and a supervisor of the supervisory committee of SEGC. Mr. Yuan holds a postgraduate education background and a bachelor's degree in engineering and is a senior political affairs specialist.

### Jin Xiaolong

Mr. Jin is currently a vice president of the Company, the secretary of the Party Committee and the chairman of the board of directors of Shanghai Electric New Energy Development Co., Ltd. and a director of CLP Combined Heavy Gas Turbine Technology Co., Ltd.. He served as the secretary of the Party Committee and deputy general manager of Shanghai Faiverley Transport Co., Ltd., the secretary of the Party Committee and deputy general manager of Lingang Factory of Shanghai Electric Power Generation, the vice president of Shanghai Electric Power Generation Group, the executive director and the general manager of Shanghai Electric Wind Power Equipment Co., Ltd, the vice chairman and general manager of Shanghai Electric Wind Energy Co., Ltd. and Siemens Wind Power Turbines (Shanghai) Co., Ltd., the secretary of the Party Committee and the chairman of the board of directors of Shanghai Electric Wind Power Group Co., Ltd., the president and the deputy secretary of the Party Committee of Shanghai Electric Power Generation Group, person in charge of power station branch of Shanghai Electric Group Company Limited, chairman of board of directors of Shanghai Electric Power Generation Equipment Co., Ltd.. Mr. Jin graduated from Harbin Institute of Technology with a bachelor's degree in engineering and obtained a master's degree in business administration from Webster University. Mr. Jin is a professor-level senior economist.



## Yang Hong

Ms. Yang currently serves as a vice president of the Company, head of science and technology management department of the Company and the dean of the central research institute of the Company. Ms. Yang used to serve as the chief engineer, the head of technology department, the director of the Design Institute, the secretary of the Party Branch, the general manager and deputy secretary of the Party Committee of the turbine factory of Shanghai Electric Power Generation Equipment Co., Ltd. (上海電氣電站設備有限公司上海汽輪機廠) and Shanghai Turbine Works Co., Ltd. (上海汽輪機廠有限公司) and the vice president of Shanghai Electric Power Generation Group (上海電氣電站集團), Shanghai Electric Power Generation Equipment Co., Ltd. (上海電氣電站設備有限公司), the chairlady of the board of directors of Shanghai Automation Instrumentation Co., Ltd. (上海自動化儀錶有限公司) and vice chairlady of board of directors of AECC Commercial Aircraft Engine Co., Ltd. (中國航發商用航空發動機有限公司). Ms. Yang graduated from Xi'an Jiaotong University. Ms. Yang holds a bachelor's degree in engineering and a master's degree in engineering from Shanghai Jiao Tong University and is a senior engineer at a professor level.

## Xiao Weihua

Mr. Xiao is currently the vice president of the Company and a director of Shanghai Shengyi Dianxing Enterprise Development Co., Ltd.. Mr. Xiao served as the deputy general manager and chief financial officer of Shanghai Diesel Engine Co., Ltd., the deputy general manager, deputy secretary of the Party Committee and director of Shanghai Hino Generator Co., Ltd., the secretary of the Party Committee, deputy general manager and director of Shanghai Automation Instrumentation Co., Ltd., the general manager of the second management department of Shanghai Electric Assets Management Company Limited, the vice president of Shanghai Electric Heavy Industry Group, the general manager, executive director and deputy secretary of the Party Committee of Shanghai Heavy Machinery Plant Co., Ltd., the general manager of Shanghai Electric Communication Technology Co., Ltd., the secretary of the Party Committee and vice president of Shanghai Electric Environmental Protection Group, the secretary of the Party Committee of Shanghai Institute of Mechanical & Electrical Engineering Co., Ltd., the president and deputy secretary of the Party Committee of Shanghai Electric Transmission and Distribution Group, the vice chairman of the board of directors, president and deputy secretary of the Party Committee of Shanghai Electric Transmission and Distribution Group Co., Ltd., the chairman of the board of directors and president of Shanghai Electric Group Transmission and Distribution Equipment Company Limited, and the head of the industry development department of the Company. Mr. Xiao holds a bachelor's degree in engineering from Xi'an Jiaotong University and a master's degree in business administration from Fudan University and is a senior engineer.

## Jia Tinggang

Dr. Jia is currently the vice president of the Company, chairman of the board of directors of Shenzhen Yinghe Technology Co., Ltd., vice chairman of the board of directors of Shanghai Fanuc Robots Co., Ltd., vice chairman of the board of directors of Shanghai Fanuc Intelligent Machines Co., Ltd., vice chairman of board of directors of AECC Commercial Aircraft Engine Co., Ltd. (中國航發商用航空發動機有限公司), a director of Shanghai Proton and Heavy Ion Center Asset Management Co., Ltd. (上海質子重離子醫院有限公司), a director of AVIC Airborne Systems Co., Ltd. and a representative to the 16th Shanghai Municipal People's Congress. Dr. Jia served as the deputy secretary of the Party Committee and the deputy dean of Shanghai Electric Central Research Institute, the deputy secretary of the joint Party Committee of the automation division and the environmental protection division, the deputy head of the automation division, and the deputy head of the environmental protection division of the Company, the general manager of SEC Power Generation Environment Protection Engineering Co., Ltd., the chairman of consultants committee of Germany Broetje Automation Co., Ltd., the vice president, secretary of the Party committee and president of Shanghai Electric Automation Group, the president of Shanghai Electric Railway Transportation Group, the head of railway transportation department of the Company, and the secretary of the Party Committee and chairman of the board of directors of Shanghai Electric Automation Group Co., Ltd.. Dr. Jia holds a doctorate degree in control science and engineering from East China University of Science and Technology and is a professor-level senior engineer.

### **Fu Min**

Ms. Fu is currently the chief financial officer and secretary to the Board of the Company. Ms. Fu served as the principal staff member of the foreign investment application audit division, the deputy director and the director of the financial audit division, the director of the regional audit division, the director of the economic responsibility audit division of Shanghai Municipal Audit Bureau and a first-class researcher, and a member of the Disciplinary Committee, chief auditor, chief compliance officer and head of audit and risk control department of the Company. Ms. Fu holds bachelor's degree in economics from Nankai University and a master's degree in business administration from Shanghai University of Finance and Economics and is a professor-level senior auditor.

### **Hu Xupeng**

Dr. Hu currently serves as a vice president of the Company, deputy secretary of the Party Committee and president of Shanghai Electric Finance Group. Dr. Hu served as a prosecutor of the People's Procuratorate of Bengbu City, Anhui Province, a legal commissioner of the Asset Protection Department of Shanghai Pudong Development Bank, vice president, chief risk control officer, and secretary to the board of directors of Zhonghai Trust Co., Ltd., vice president of Shanghai Guotai Junan Securities Asset Management Co., Ltd., general manager of the Pledge Financing Department and Risk Management Department of Guotai Junan Securities Co., Ltd., and the secretary of the Party Committee and vice president of Shanghai Electric Finance Group and the chief investment officer of Shanghai Electric. Dr. Hu graduated from East China University of Political Science and Law with a doctor's degree in laws.

### **Zhang Yan**

Ms. Zhang is currently the chief auditor and chief compliance officer of the Company. Ms. Zhang served as the senior supervisor, assistant to the head and the deputy head of the investment management department of Shanghai Electric Assets Management Company Limited, the deputy head of the financial budget department of Shanghai Electric (Group) Corporation, the deputy director of the Board secretary's office, executive deputy head and head of the risk management department, head of the audit department, head of the office of the supervisory committee, head of the office of the Board, head of the investor relations department and head of the group office (Board office) of the Company. Ms. Zhang holds bachelor's degree in law from East China University of Political Science and Law and an EMBA degree from Shanghai National Accounting Institute and Arizona State University in the United States.

## Employments with Shareholder Entities of the Company

Name	Name of shareholder entities	Position	Term of office commencing on	Term of office ending on
Wu Lei	SEGC	Secretary of the Party Committee, chairman of the board of directors	2023-12	to present
Zhu Zhaokai	SEGC	Director	2022-1	to present
Dong Jianhua	SEGC	Director	2018-8	to present
Dong Jianhua	Shanghai Highly (Group) Co., Ltd.	Chairman of the board of directors	2017-12	to present
Xu Jianguo	SEGC	Vice president, chief financial officer	2021-12	to present
Guo Haohuan	SEGC	Head of the finance and budget department	2023-2	to present
Guo Haohuan	Shanghai Highly (Group) Co., Ltd.	Supervisor	2023-2	to present
Guo Haohuan	Shanghai Yintong Industrial Co., Ltd.	Executive director	2022-7	to present
Guo Haohuan	Shanghai Lixin Industrial Co., Ltd.	Chairlady of board of directors	2022-2	to present
Shao Jun	Shenergy (Group) Company Limited	General manager of the investment management department	2021-12	to present
Shao Jun	Shanghai LNG Company Ltd.	Director	2020-1	to present
Shao Jun	Shenergy Energy Service Co., Ltd.	Director	2022-12	to present
Shao Jun	Shanghai Jiulian Group Co., Ltd.	Director	2023-1	to present
Shao Jun	Shenergy Co., Ltd.	Director	2023-5	to present
Shao Jun	Shanghai Shenergy Nengchuang Energy Development Co., Ltd.	Vice chairman of the board of directors	2024-1	to present
Shao Jun	Shanghai Port Energy Co., Ltd.	Vice chairman of the board of directors	2024-4	to present
Lu Wen	Shanghai State-owned Capital Investment Co., Ltd.	Vice president	2021-6	to present
Lu Wen	Shanghai State-owned Capital Investment Co., Ltd.	Employee director	2021-11	to present
Lu Wen	Shanghai Guotou Pioneer Private Equity Fund Management Co., Ltd.	Supervisor	2024-5	to present
Lu Wen	Shanghai Guotou Capital Management Co., Ltd.	Executive director and president	2024-10	to present



## Employments with Other Entities

Name	Name of other entities	Position	Term of office commencing on	Term of office ending on
Wu Lei	Mitsubishi Electric Shanghai Mechanical & Electrical Elevator Co. Ltd.	Chairman of the board of directors	2023-12	to present
Lu Wen	Comprehensive Reform Experimental Enterprise Management (Shanghai) Co., Ltd.	Chairlady of the board of directors	2021-12	to present
Lu Wen	Arcplus Group PLC	Director	2022-2	to present
Lu Wen	Shanghai Futeng Private Equity Fund Management Co., Ltd.	Chairlady of board of directors	2024-10	to present
Lu Wen	Shanghai State-owned Capital Investment FOF Co., Ltd.	Chairlady of board of directors	2024-10	to present
Xu Jianxin	Shanghai Purest Investment Management Co., Ltd.	Senior vice president	2015-1	to present
Xu Jianxin	QST Corporation Ltd.	Independent director	2021-6	to present
Xu Jianxin	Shanghai Jin Jiang International Hotels Company Limited	Independent director	2022-6	to present
Liu Yunhong	the Institute of International M&A and Investment of Renmin University of China	Deputy head	2016-5	to present
Liu Yunhong	Foresea Life Insurance (Shanghai) Research Institute	Head	2019-6	to present
Liu Yunhong	Sinolink Securities Co., Ltd.	Independent director	2022-6	to present
Liu Yunhong	BOCOM International Trust Co., Ltd.	Independent director	2022-11	to present
Liu Yunhong	Shanghai Rural Commercial Bank Co., Ltd.	Independent director	2024-1	to present
Du Zhaohui	Shanghai Jiao Tong University	Dean and Distinguished Professor of the School of Mechanical and Power Engineering	2014-5	2034-10
Xu Jianguo	Haitong Securities Co., Ltd.	Director	2016-5	to present
Xu Jianguo	Shanghai Life Insurance Co., Ltd.	Director	2014-11	to present
Guo Haohuan	Humanoid Robot (Shanghai) Co., Ltd.	Director	2023-12	to present
Jin Xiaolong	CLP Combined Heavy Gas Turbine Technology Co., Ltd.	Director	2024-4	to present
Xiao Weihua	Shanghai Shengyi Dianxing Enterprise Development Co., Ltd.	Director	2024-6	to present
Jia Tinggang	Shanghai Fanuc Robots Co., Ltd.	Vice chairman of the board of directors	2020-10	to present
Jia Tinggang	Shanghai Fanuc Intelligent Machines Co., Ltd.	Vice chairman of the board of directors	2020-10	to present
Jia Tinggang	AECC Commercial Aircraft Engine Co., Ltd. (中國航發商用航空發動機有限公司)	Vice chairman of board of directors	2024-7	to present
Jia Tinggang	Shanghai Proton and Heavy Ion Center Asset Management Co., Ltd. (上海質子重離子醫院有限公司)	Director	2024-4	to present
Jia Tinggang	AVIC Airborne Systems Co., Ltd.	Director	2024-9	to present



## Remunerations of Directors, Supervisors and Senior Management

Procedures for determining the remunerations of Directors, Supervisors and senior management	The remunerations of our Directors and Supervisors (non-employee representatives) are determined in general meeting, while the remunerations of our senior management are determined by the board of directors of the Company.
Should directors abstain from the discussion of the board of directors regarding their own compensations	Yes
The recommendations made by the Remuneration Committee regarding remunerations of directors, supervisors, and senior management	<p>At the first meeting of the Remuneration Committee of the Company in 2024, the Resolution of Proposing to General Meeting to Authorise the Board of Directors to Confirm the Remuneration for Directors of the Company for 2023 and Approve the Remuneration Limit for Directors and Supervisors of the Company for 2024 and the Resolution on Confirming the Remuneration for the Senior Management of the Company for 2023 and Approve the Remuneration Limit for Senior Management of the Company for 2024 were reviewed and approved, and it's considered that the remuneration for the senior management during the year of 2023 was in line with the relevant requirements of the SASAC and the Implementing Rules of Shanghai Electric Group Company Limited for Further Deepening the Reform of Remuneration System for Professional Executives.</p> <p>At the second meeting of the Remuneration Committee of the Company in 2025, the Resolution of Proposing to General Meeting to Authorise the Board of Directors to Confirm the Remuneration for Directors of the Company for 2024 and Approve the Remuneration Limit for Directors of the Company for 2025 and the Resolution on Confirming the Remuneration for the Senior Management of the Company for 2024 and Approve the Remuneration Limit for Senior Management of the Company for 2025 were reviewed and approved, and it's considered that the remuneration for the senior management during the year of 2024 was in line with the relevant requirements of the SASAC and the Implementing Rules of Shanghai Electric Group Company Limited for Further Deepening the Reform of Remuneration System for Professional Executives.</p>
Basis for determining the remunerations of Directors, Supervisors and senior management	The remunerations of our Directors and Supervisors (non-employee representatives) are determined based on a number of factors, such as the operating results of the Company, their responsibilities, performance and market conditions. The remunerations of our Supervisors (employee representatives) and Senior Management are determined based on their responsibilities and performance appraisal in respect of the completion of annual operation plan.
Remunerations paid to Directors, Supervisors and senior management	Remunerations were paid to the Directors, Supervisors and senior management of the Company based on their respective entitlement.
Total actual remunerations received by all Directors, Supervisors and senior management up to the end of reporting period	RMB16,798.18 thousand

## Changes in Directors, Supervisors and Senior Management of the Company

Name	Position	Change	Reason for the change
Wu Lei	Executive Director and chairman of the Board	Elected	Work requirements
Dong Jianhua	Executive Director	Elected	Work requirements
Shao Jun	Non-executive Director	Elected	Work requirements
Lu Wen	Non-executive Director	Elected	Work requirements
Du Zhaohui	Independent non-executive Director	Elected	Work requirements
Xu Jianguo	Supervisor	Elected	Work requirements
Guo Haohuan	Supervisor	Elected	Work requirements
Xiao Weihua	Vice president	Appointed	Work requirements
Jia Tinggang	Vice president	Appointed	Work requirements
Fu Min	Chief financial officer and secretary to the Board	Appointed	Work requirements
Gu Zhiqiang	Chief economist	Appointed	Work requirements
Zhang Yan	Chief auditor and chief compliance officer	Appointed	Work requirements
Liu Ping	Executive Director and president	Resigned	Work re-designation
Yao Minfang	Non-executive Director	Resigned	Age concern
Li An	Non-executive Director	Resigned	Age concern
Xi Juntong	Independent non-executive Director	Resigned	Service tenure
Cai Xiaoqing	Supervisor and chairman of the supervisory committee	Resigned	Personal reasons
Han Quanzhi	Supervisor	Resigned	Personal reasons
Chen Ganjin	Vice president	Resigned	Adjustment of duties
Gu Zhiqiang	Vice president	Resigned	Adjustment of duties
Gu Zhiqiang	Chief economist	Resigned	Age concern
Fu Min	Chief auditor and chief compliance officer	Resigned	Adjustment of duties
Zhou Zhiyan	Chief financial officer	Resigned	Adjustment of duties
Zhou Zhiyan	Secretary to the Board	Resigned	Age concern



## Employees of the Company and Its Major Subsidiaries

The Company has realized the diversity of all employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills and knowledge.

	Number of persons
Number of current employees of the Company	152
Number of current employees of the major subsidiaries	40,108
Total number of current employees	40,260
Number of retired employees for whom the Company and its major subsidiaries are responsible for the retirement benefits	439

Categories by function	Number of persons	Categories by education level	Number of persons
Production personnel	17,318	Postgraduate and above	4,533
Sales personnel	2,998	Undergraduate	18,033
Technical personnel	13,397	Tertiary education	8,513
Financial personnel	1,093	Secondary education and below	9,181
Administrative personnel	5,454		

Categories by gender	Number of persons
Male	31,156
Female	9,104

## Remuneration Policy

The Company has established and improved a comprehensive system which synchronizes enterprise operating efficiency and the increase of employees' salaries with the improvement in labor productivity; and has reasonably determined the level of wage increase of the Company and the wages adjustment of employees of various work positions. As for employee's salary income, while taking into account the internal fairness, the Company adheres to the performance-oriented approach by taking the performance target as the foundation, strengthening the rigid assessment, and deducting the performance salary as required for those who fail to pass the annual assessment, so as to reasonably widen the salary gap. In the event of binding matters including receiving party and government disciplinary punishment for violation of discipline and law, we strictly implement salary deductions, and recover salary if necessary. Besides, the Company constantly insists on the general requirement of "Dual Inclination, Dual Care" and implements policies that tilted towards talents who have made outstanding contributions and frontline positions.

## Training Program

During the Reporting Period, the Company, following the strategy of the Group, adhered to the demand-oriented approach and proceeded with the establishment of training system and training base. We emphasized training for core employees, especially for leading cadres and strategically needed talent, and promoted staff training on a full coverage basis, so as to boost the business development of the Group and enhance the value of human capital.

## Labor Outsourcing

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Total remuneration paid for labor outsourcing

RMB128 million

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## Services Contracts with Directors and Supervisors

None of the Directors and Supervisors of the Company has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

## Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts of Significance

During the year, none of the Directors, Supervisors or any of their respective associates had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party.

## Management Contracts

During the Reporting Period, the Company did not have any subsisting contract (except the service contracts entered into with any Directors, Supervisors or full-time employees of the Company) under which any individual or entity undertakes the management and administration of the whole or any substantial part of the business of the Company.

## Permitted Indemnity Provision

The Company has maintained appropriate insurance coverage for Directors, Supervisors and senior management's liabilities in respect of potential legal actions against its Directors, Supervisors and senior management arising out of the business activities of the Company.

## Share Incentive Scheme

During the Reporting Period, there are no existing effective share incentive schemes of the Company.





# Corporate Governance Report

The Board of the Company firmly believes that corporate governance is essential to the success of the Company and has adopted various measures to establish a listed corporation with high level of transparency in corporate governance and an excellent performance in operation.

The Company will periodically review and update the existing practices to keep abreast of the latest developments in corporate governance.

## Corporate Culture

The Company has established a corporate culture concept system that includes mission, vision, core values and spiritual spectrum. With "empower global industry, make life smarter" as its mission, the Company are committed to "becoming a world-class equipment group leading the industrial development".

Based on high-end equipment industry, we focus on energy equipment, industrial equipment and integration services to promote the high-quality development of Chinese and global industries with technological empowerment. We provide not only leading high-end equipment, technologies and services, but also green, low-carbon and smart solutions that meet diverse needs, in order to make life smarter.

We are committed to being a maker of important instruments of the state by focusing on high-end equipment as our main responsibilities and main business, undertaking the important task of national industry development and concentrating

efforts on high-quality development. We are committed to being a leader of technological innovation by leading the trend of industrial innovation with science and technology to achieve industrial intelligence and service industrialization. We are committed to being a practitioner of green and low-carbon development by firmly implementing the dual-carbon goals and promote green and low-carbon development across the industry. We are committed to being a creator of smarter life by creating green and sustainable value for a better life of humankind with smart solutions.

## Model Code for Securities Transactions by Directors

The Company has adopted the code provisions set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Hong Kong Listing Rules in relation to dealings in the shares of the Company by the Directors of the Company, and all Directors and supervisors of the Company confirmed that they have complied with the requirements set out in the Model Code throughout the year 2024. The Company is not aware of any breach of the Model Code by any of its employees.

## Board of Directors

As of the date of this report, the Board comprised eight Directors, including three executive Directors, namely Dr. Wu Lei (appointed on 9 January 2024), Mr. Dong Jianhu (appointed on 18 September 2024) and Mr. Zhu Zhaokai; two non-executive Directors, namely Mr. Shao Jun (appointed on



23 February 2024) and Ms. Lu Wen (appointed on 23 February 2024); and three independent non-executive Directors, namely, Dr. Xu Jianxin, Dr. Liu Yunhong and Dr. Du Zhaohui (appointed on 18 September 2024). Among them, Dr. Wu Lei, Mr. Dong Jianhua, Mr. Shao Jun, Ms. Lu Wen and Dr. Du Zhaohui, who are directors newly appointed in 2024, have confirmed their acknowledgment of their obligations as directors of a listed company and have obtained legal advice prior to effective date of the appointment as required under Rule 3.09D of the Hong Kong Listing Rules on 19 December 2023, 18 September 2024, 14 January 2024, 14 January 2024 and 18 September 2024, respectively. Mr. Liu Ping resigned as executive Director on 7 June 2024, Ms. Yao Minfang and Ms. Li An resigned as non-executive Director on 23 February 2024, and Dr. Xi Juntong resigned as independent non-executive Director on 18 September 2024. During the Reporting Period, the number of independent non-executive Directors represented no less than one-third of the total number of Directors.

Members of the Board have different professional backgrounds with expertise in various aspects such as corporate management, technology development, financial management, strategic investment and human resources management. Their biographical particulars are set out in the section headed "Directors, Supervisors, Senior Management and Staff" of this annual report.

The independent non-executive Directors of the Company are aware of the rights and obligations of directors and independent non-executive directors of listed companies. During the Reporting Period, the independent non-executive Directors attended the Board meetings in prudent, responsible, proactive and earnest manner. Fully leveraging on their experience and expertise, they made tremendous efforts in improving corporate governance and facilitating major decision-making process, expressed fair and objective opinions on matters concerning significant events and connected transactions of the Company, enhanced the scientific development and standardization of the Board's decision-making process and safeguarded interests of the Company and its shareholders as a whole effectively.

Each of the independent non-executive Directors has confirmed his independence with the Company as required under Rule 3.13 of the Hong Kong Listing Rules annually. The Company has received the annual

confirmations of their independence from such Directors. After assessment of their independence with reference to the independence criteria set out in Rule 3.13 of the Hong Kong Listing Rules, the Company considered them independent in 2024.

Rights and duties of the Board and the management have been clearly specified in the Articles of Association to ensure adequate check and balance for sound corporate governance and internal controls. The Board formulates overall development strategies of the Group, monitors its financial performance and maintains effective supervision over the management. Members of the Board act in an effort to maximize the long-term interests of shareholders and achieve business goals and development direction of the Group amidst the prevailing economic and market conditions. The management is responsible for daily operation and management. The management of the Company, under the leadership of the President, is responsible for implementing various resolutions made by the Board and organizing daily operation and management of the Company.

Every member of the Board has the right to access documents and relevant materials of the Board, to consult the Company Secretary and the Secretary to the Board on regulatory and compliance matters and to seek external professional advice when necessary to ensure independent views and input are available to the Board. The Company Secretary and the Secretary to the Board advise all Directors on the requirements under the Hong Kong Listing Rules and other applicable provisions to ensure the Company's compliance with and maintenance of excellent corporate governance. The Board believes that the implementation of the above mechanisms during the Reporting Period is effective.

Apart from the working relationship in the Company, there was no financial, operational, familial or other material relationship among the Directors, Supervisors and senior management.

The Company attaches great importance to the continuous training of its Directors on various areas. During the Reporting Period, the Company has updated Directors on the latest regulations in aspects such as business, law and finance in order to enhance their professional knowledge on a continuous basis.



### Attendance record of Directors at board meetings and general meetings during the Reporting Period

Name of Director	Independent Non-executive Director	Attendance at Board meetings						Attendance at general meetings
		Required attendance in Board meetings during the year	Attendance in person	Attendance via other communication means	Attendance by proxy	Absence	Absence for two consecutive meetings in person	Attendance record at general meetings
Wu Lei	No	17	17	13	0	0	No	1
Zhu Zhaokai	No	17	17	13	0	0	No	3
Dong Jianhua	No	5	5	4	0	0	No	2
Shao Jun	No	15	14	12	1	0	No	0
Lu Wen	No	15	15	14	0	0	No	1
Xu Jianxin	Yes	17	17	13	0	0	No	6
Liu Yunhong	Yes	17	17	13	0	0	No	3
Du Zhaohui	Yes	5	5	4	0	0	No	2
Liu Ping	No	8	8	6	0	0	No	1
Yao Minfang	No	2	2	2	0	0	No	0
Li An	No	2	2	2	0	0	No	0
Xi Juntong	Yes	12	12	9	0	0	No	2

Number of Board meetings convened during the year	17
Of which: number of on-site meetings	1
Number of meetings convened via other communication means	13
Number of on-site meetings assisted by other communication means	3

## Corporate Governance Functions

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 has complied with the requirements of Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules (the "Code"), except for the deviation from requirements of code provision C.2.1 and F.2.2. 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, except for the vacancy caused by the resignation of the former executive director and president, the chairman of the Board of the Company was assumed by one person, who was mainly responsible for the strategic decisions of the Company. The executive director and president of the Company was assumed by another person, who was fully responsible for the daily operation and execution of the Company. The Company considers that the roles and responsibilities of the Board and the management are clear and there is no concentration of management power. Pursuant to code provision F.2.2, the chairman of the board should attend the annual general meeting. As Dr. Wu Lei, the chairman of the Board and the executive Director of the Company, was unable to attend the 2023 annual general meeting due to business arrangements, Mr. Zhu Zhaokai, the executive Director of the Company, chaired and presided over the 2023 annual general meeting.

## Strategy Committee

The strategy committee of the Board of the Company (the "Strategy Committee") currently comprises Dr. Wu Lei (appointed on 9 January 2024), Mr. Zhu Zhaokai (appointed on 4 March 2025), Dr. Xu Jianxin and Dr. Du Zhaohui (appointed on 18 September 2024), and is chaired by Dr. Wu Lei. Mr. Liu Ping and Dr. Xi Juntong, former members of the Strategy Committee, resigned on 7 June 2024 and 18 September 2024, respectively.

No meeting was held by the Strategy Committee during the Reporting Period.



## Audit Committee

The audit committee of the Board of the Company (the "Audit Committee") is mainly responsible for reviewing and overseeing the risk management of the Company, financial reporting procedures and internal control system, reporting the results of such review and making recommendations to the Board, and overseeing as well as assessing the establishment of sound risk management system of the Company and the completeness and effectiveness of its implementation on a regular basis in accordance with the requirements in relation to corporate risk management under Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. The Audit Committee is also responsible for reviewing the quarterly, interim and annual financial statements, the appointment of and remuneration for auditors. The Audit Committee currently comprises Dr. Xu Jianxin, Dr. Liu Yunhong, Dr. Du Zhaohui (appointed on 18 September 2024) independent non-executive Directors, and Mr. Shao Jun (appointed on 6 March 2024), a non-executive Director, and is chaired by Dr. Xu Jianxin, an independent non-executive Director. Dr. Xi Juntong and Ms. Yao Minfang, former members of the Audit Committee, resigned on 18 September 2024 and 23 February 2024, respectively.

Ten meetings were held by the Audit Committee during the Reporting Period. At these meetings, the Audit Committee has reviewed and overseen the risk management, financial reporting procedures and internal control system of the Company, reported its results of review and made recommendations to the Board. The Audit Committee has also reviewed the quarterly, interim and annual financial reports of the Company, the appointment of and remuneration for auditors, discussed the audit plan and progress with auditors and listened to the report on the 2024 internal audit plan of the Company given by the internal audit department.

### Attendance record of committee members at the meetings of the Audit Committee during the Reporting Period

Name of Audit Committee Member	Actual attendance/ attendance required
Xu Jianxin (Chairman of the Committee)	10/10
Liu Yunhong	10/10
Du Zhaohui	3/3
Shao Jun	7/7
Xi Juntong (Former member of the Committee)	7/7
Yao Minfang (Former member of the Committee)	2/2

## Nomination Committee

The nomination committee of the Board of the Company (the "Nomination Committee") is mainly responsible for reviewing and making recommendations to the Board and the general meeting of the Company on the selection of candidates as the Directors and senior management of the Company, the selection criteria and procedures. The Nomination Committee currently comprises Dr. Du Zhaohui (appointed on 18 September 2024) and Dr. Xu Jianxin, and is chaired by Dr. Du Zhaohui. Dr. Xi Juntong, former chairman of the Nomination Committee, and Mr. Zhu Zhaokai, former member of the Nomination Committee, resigned on 18 September 2024 and 4 March 2025, separately.

The Company has formulated the "Board Diversity Policy of Shanghai Electric Group Company Limited", which includes the requirements of compliance with relevant laws, regulations and the Articles of Association by candidates for Directors of the Company to ensure effective discussions at the Board and enable the Board to make scientific, prompt and careful decisions. The Nomination Committee will select the candidates for Directors based on objective criteria, which contain certain diversified factors, including but not limited to, gender, age, cultural and education background, locality, professional experience, skills, knowledge and terms of office of the candidates for Directors and other regulatory requirements; the degree of suitability of the professional background and skills of the candidates for Directors with the business features and future development requirements of the Company. As of the date of this report, one of the eight members of the Board of the Company was women, accounting for 12.5%, and the gender diversity was well achieved.

Six meetings were held by the Nomination Committee during the Reporting Period, at which candidates for executive Director, non-executive Director and independent non-executive Director of the Board and change of senior management were considered.

## Attendance record of committee members at the meetings of the Nomination Committee during the Reporting Period

Name of Nomination Committee Member	Actual attendance/ attendance required
Du Zhaohui (Chairman of the Committee)	1/1
Xu Jianxin	6/6
Xi Juntong (Former chairman of the Committee)	5/5
Zhu Zhaokai (Former member of the Committee)	6/6

## Remuneration Committee

The remuneration committee of the Board of the Company (the "Remuneration Committee") is mainly responsible for making recommendations to the Board regarding the formulation of a proper and transparent procedure for the overall remuneration policy and structure for Directors and senior management of the Company. The Remuneration Committee currently comprises Dr. Du Zhaohui (appointed on 18 September 2024), Dr. Xu Jianxin and Dr. Liu Yunhong, and is chaired by Dr. Du Zhaohui. Dr. Xi Juntong, former chairman of the Remuneration Committee, resigned on 18 September 2024.

Three meetings were held by the Remuneration Committee during the Reporting Period, at which the issues considered were the remuneration proposal for the Directors, Supervisors and the senior management of the Company and proposal on professional managers' assessment and performance-based compensation. According to clause 11(b) of the Terms of Reference for the Remuneration Committee, the Remuneration Committee has been delegated to determine the specific remuneration packages of all executive Directors and senior management.

## Attendance record of committee members at the meetings of the Remuneration Committee during the Reporting Period

Name of Remuneration Committee Member	Actual attendance/ attendance required
Du Zhaohui (Chairman of the Committee)	1/1
Xu Jianxin	3/3
Liu Yunhong	3/3
Xi Juntong (Former chairman of the Committee)	2/2





## Directors' and Auditors' Responsibilities for Accounts

The Directors of the Company acknowledge their responsibilities for the preparation of financial reports for each financial year, which shall give a true and fair view of the financial position, the results and cash flows of the Group for that financial year. In preparing the financial report for the year ended 31 December 2024, the Directors have selected and consistently applied suitable accounting policies, made judgements and estimates that are prudent and reasonable, and have prepared the financial report on a going concern basis. The Directors are responsible for keeping proper accounting records which reasonably and truthfully disclose the financial position of the Group at any time.

## Supervisory Committee

The Supervisory Committee is a standing monitoring agency of the Company responsible for monitoring the Board and its members as well as senior management to avoid abuse of power that may harm the legitimate interests of shareholders, the Company and staff of the Company. The size and composition of the Supervisory Committee of the Company comply with the requirements of the relevant laws and regulations in the PRC.

## Attendance record of committee members at the meetings of the Supervisory Committee during the Reporting Period

Name of Supervisor	Actual attendance/ attendance required
Xu Jianguo	2/2
Guo Haohuan	2/2
Yuan Shengzhou	11/11
Cai Xiaoqing (Former Chairman of the Supervisor Committee)	9/9
Han Quanzhi (Former Supervisor)	9/9

## Senior Management

As at the date of this report, the Company has nine senior management members in total, namely Mr. Zhu Zhaokai, Mr. Dong Jianhua, Mr. Jin Xiaolong, Ms. Yang Hong, Mr. Xiao Weihua, Dr. Jia Tinggang, Ms. Fu Min, Dr. Hu Xupeng and Ms. Zhang Yan. The details of their duties, biographical details and remuneration are set out in the section headed "Directors, Supervisors, Senior Management and Staff". Three members of the Company's senior management were women, accounting for 33% of the total number of senior management, and gender diversity has been well achieved.

## Risk Management and Internal Controls

According to the related requirements set out in the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules, the Company has established comprehensive risk management and internal control systems, including a system with a proper structure and organization and a system with relevant standards and relevant management principles for risk management and internal controls, to continually implement for risk management and internal controls. The Company is of the view that such systems are basically effective and adequate. The intention of the establishment of such a risk management and internal control system is to enhance the management and operation of the Company as far as scientific approach for decision making proper compliance with governing rules and regulations as well as its effectiveness are concerned. The system should also help to increase the risk control capability and ensure the continuous, stable and healthy development of all kinds of businesses of the Company. However, this is only a reasonable rather than an absolute guarantee against material untruthful representation or losses, as the intention is to manage instead of eliminating the risk of not achieving the business targets.

The Board acknowledges that it has the responsibility to review the risk management and internal control systems of the Company and to assess the effectiveness of such systems through the Audit Committee at least once every year. The Board of the Company and the Audit Committee oversee and evaluate the completeness and effectiveness in relation to the design and implementation of the risk management and internal control systems, as well as review and approve the mid-to-long-term planning, annual audit plan as well as evaluation report on risk management and internal control evaluation report. The management of the Company is responsible for the establishment and improvement of the risk management and internal control systems of the Company, the review of working plans and annual report on risk management and internal controls. The risk management and internal control department of the Company is responsible for the design and establishment of the risk management and internal control systems, as well as annual organization of risks identification, evaluation and remedial measures and report, so as to promote execution of the internal controls and optimization of the system procedures. The audit department of the Company is responsible for regular evaluations of the effectiveness of risk management and internal controls, as well as the appointment of accounting firms to conduct financial reporting internal control audit, so as to identify potential risks and internal control defects in a timely manner, ensure that the relevant operational departments and subsidiaries implemented rectification measures and the effective operation of the risk management and internal controls system of the Company.

In respect of the identification, assessment, management procedures and business processes that are exposed to possible material risks, the Company has established basically-complete relevant internal control measures and systems and procedures, such as management and internal control on key work flows including the preparation and disclosure of financial reports and processing and announcement of inside information. Regular internal control measures were established through specific procedures to

prevent risks in key segments and reduce the impacts of risks. In terms of the disclosure of inside information, the Company has established standardized control procedures to collect, organize, validate, review and disclose information. The Company will ensure that the information is kept confidential before it is fully disclosed to the public. For information that is difficult to keep confidential, the Company will disclose it in a timely manner to protect the benefit of investors and stakeholders.

During the Reporting Period, the Company continued to optimize its risk management and internal control systems, and improved and implemented the risk assessment, response and reporting mechanism of the Company. In 2024, the Company continuously enhanced the overall coordination of the Company's risk prevention and control work under the leadership of the risk prevention and control leadership team and working group to promote various risk prevention and control work in a steady and orderly manner. The Company insisted on conducting regular risk checks, implementing annual risk evaluation, strengthening prediction and analysis of trend and emerging risks, formulating countermeasures and prevention and control measures and implementing implementation of hierarchical classification to prevent new risks. Meanwhile, the Company attached importance to sum-up and reflection on historical risk events, and improved the internal control process by inferring other things from one fact, conducted regular evaluations of the effectiveness of the internal control system, and promoted the publicity and implementation of the Internal Control Manual (《内部控制手册》) and the internal control processes in its subsidiaries, thus to ensure the normal operation and development of the Company.

The internal audit department oversees and evaluates the effectiveness of the implementation of the risk management and internal control system, prepares the plan for evaluation work, calls for qualified personnel with professional capability to form the evaluation team and conducts evaluation for the risk management and internal controls of the Company. It makes warnings and rectification suggestions on risks and internal control deficiencies identified, urges for remedial actions to cope with risks and to rectify systems for deficiencies identified, prepares the risk management evaluation report and the internal control evaluation report and submits the reports to the Audit Committee, the Supervisory Committee and the

Board of the Company for consideration, so as to enhance the effectiveness of the risk management and internal controls of the Company on an ongoing basis.

The Company appoints accounting firms to conduct financial reporting internal control audit every year, so as to identify internal control deficiencies in a timely manner, urge the relevant operational departments and subsidiaries to implement rectification measures and ensure the effective operation of the internal controls of the Company. According to the relevant rules, the Company appointed Ernst & Young Hua Ming LLP to conduct auditing on the effectiveness of the internal controls in relation to financial reporting of the Company for 2024, for which an internal control audit report of internal control opinions for the financial report that has maintained effective in all material aspects was issued.

The Company consistently adheres to the principle of honesty and integrity in business operation, adopts a zero-tolerance policy for any violations against business ethics and anti-corruption regulations. In order to detect corrupt practices in a timely manner, the Company has established various reporting channels, including telephone reporting and on-site reporting, to obtain clues from internal and external parties.

## General Meetings

The General Meeting is the highest authority of the Company which performs its duties according to laws and makes decisions on major issues of the Company. Annual general meetings or extraordinary general meetings of the Company are direct communication channels between the Board and the shareholders of the Company. Therefore, the Company attaches great importance to general meetings and encourages all shareholders to attend and express their opinions at the meetings.

Shareholders may convene an extraordinary general meeting and make proposals on the meeting in accordance with Articles 50 and 67 of the Articles of Association. During the Reporting Period, in view of the change of the Domicile of the Company, and in accordance with the "Guidelines on the Articles of Association of Listed Companies" (amended in December 2023), "Trial Measures for the Administration of Overseas Issuance of Securities and Listing of Domestic Enterprises" (promulgated in February 2023), "Measures for the



Administration of Independent Directors of Listed Companies" (promulgated in August 2023), "Supervisory Guidelines No. 3 for Listed Companies – Cash Dividends of Listed Companies (revised in 2023)" and other laws, regulations and regulatory documents, as well as the requirements of The Stock Exchange of Hong Kong in relation to the paperless regime, and in order to improve its governance structure and further enhance the quality and effectiveness of its governance, the Company amended certain provisions of the Articles of Association and the Rules of Procedures for the General Meeting and the Rules of Procedures for the Board of Directors annexed to the Articles of Association. The latest version of the Articles of Association was published on the websites of the Company and the Stock Exchange.

## Communications with Shareholders

The Shareholders' Communication Policy sets out, among other things, the Company's means of communication with the Shareholders with the aim of ensuring that both individual and institutional Shareholders are given timely access to accurate, clear and balanced information to enable them to exercise their rights in an informed manner and to engage actively with the Company. The Board has reviewed the implementation of the Shareholders' Communication Policy during the year ended 31 December 2024. Having considered the active engagement by the Company with the Shareholders via the different means in accordance with the Policy, the Board is satisfied that the Shareholders' Communication Policy continues to be effective.

The Company releases its announcements, financial data and other relevant materials on its website, which serves as a channel facilitating effective communication with investors. The shareholders may send any enquiry in writing to the Company's principal place of business in Hong Kong. The Company will properly handle all enquiries in time.

## Company Secretary

As of the date of this report, Ms. Fu Min and Ms. Leung Kwan Wai acted as joint company secretaries of the Company. Ms. Leung Kwan Wai's principal contact with the Company is Ms. Fu Min. Both Ms. Fu Min (appointed on 1 August 2024 as a joint company secretary) and Ms. Leung Kwan Wai participated in the relevant training during the Reporting Period and the time

for training was no less than 15 hours in total. Mr. Zhou Zhiyan resigned as a joint company secretary on 1 August 2024.

Ms. Leung Kwan Wai possesses the requisite qualifications of a company secretary as required under Rule 3.28 of the Hong Kong Listing Rules. Ms. Fu Min currently does not possess the requisite qualifications set out in Rule 3.28 of the Hong Kong Listing Rules. In relation to the appointment of Ms. Fu Min as a joint company secretary of the Company, the Company applied to the Stock Exchange for, and the Stock Exchange granted, a waiver (the "Waiver") from strict compliance with the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules for a period of three years from the date of Ms. Fu Min's appointment as a joint company secretary of the Company (the "Waiver Period") on the conditions that (i) Ms. Fu Min must be assisted by Ms. Leung Kwan Wai as a joint company secretary during the Waiver Period in discharging her functions as joint company secretary of the Company; and (ii) the Waiver could be revoked if there are material breaches of the Hong Kong Listing Rules by the Company. Before the end of the Waiver Period, the Company must demonstrate and seek confirmation from the Stock Exchange that, Ms. Fu Min, having had the benefit of Ms. Leung Kwan Wai's assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Hong Kong Listing Rules such that a further waiver will not be necessary.

## Disclosure of Information and Investor Relations

The Company recognizes the importance of good communications with its investors. The Office of the Board, the department which has duties covering investor relations, has arranged interviews, site visits and reverse roadshows for investors from time to time. The department 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.

# Summary of General Meetings

Session of meeting	Date of meeting	Designated websites for publication of resolution(s)	Disclosure date of resolution(s)
2024 first extraordinary general meeting	9 January 2024	www.hkexnews.hk www.sse.com.cn	9 January 2024 10 January 2024
2023 first extraordinary general meeting	23 February 2024	www.hkexnews.hk www.sse.com.cn	23 February 2024 24 February 2024
2023 annual general meeting	28 June 2024	www.hkexnews.hk www.sse.com.cn	28 June 2024 29 June 2024
2024 third extraordinary general meeting	18 September 2024	www.hkexnews.hk www.sse.com.cn	18 September 2024 19 September 2024
2024 fourth extraordinary general meeting	21 October 2024	www.hkexnews.hk www.sse.com.cn	21 October 2024 22 October 2024
2024 fifth extraordinary general meeting, 2024 first A Share class meeting and 2024 first H Share class meeting	22 November 2024	www.hkexnews.hk www.sse.com.cn	22 November 2024 23 November 2024



# Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2024 on pages 86 to 99.

## Principal Business

The principal business of the Company focuses on three major segments: energy equipment, industrial equipment and integration services. Details of the principal business of the major subsidiaries of the Company are set out in note 7 to the financial statements. There were no significant changes in the principal business of the Company during the year.

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;

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;

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, etc.; providing industrial internet services; providing financial services, covering financing leases, factoring, asset management, insurance brokerage, etc.; providing park and property management services mainly based on industrial real estate, etc.

## Business Review

During the Reporting Period, the Company achieved total operating revenue of RMB 116,186 million, a year-on-year increase of 1.2%. The Company's gross profit margin for the reporting period was 18.6%, an increase of 1.0 percentage point

compared to the same period last year. During the Reporting Period, the net profit attributable to the owners of the Company was RMB752 million, a year-on-year decrease of 6.3% compared to the net profits attributable to owners of the Company for the corresponding period of last year after restatement (the net profits attributable to owners of the Company for the corresponding period of last year was RMB285 million before restatement and RMB803 million after restatement). During the Reporting Period, basic profit per share of the Company for 2024 was RMB0.048 yuan, a year-on-year decrease of 7.7% compared to basic profit per share of the Company for the corresponding period of last year after restatement (basic profit per share of the Company for the corresponding period of last year was RMB0.018 yuan before restatement and RMB0.052 after restatement).

During the Reporting Period, the energy equipment segment achieved total operating revenue of RMB 61,758 million, a year-on-year increase of 5.3%, primarily driven by the favourable domestic coal-fired power policies, which led to an increase in sales revenue from coal-fired power generation business compared to the same period last year. The gross profit margin for the energy equipment segment was 19.7%, an increase of 2.0 percentage points compared to the same period last year.

During the Reporting Period, the industrial equipment segment achieved total operating revenue of RMB 38,649 million, a year-on-year decrease of 4.3%, mainly due to the impact of the real estate industry on the elevator business, resulting in a decline in revenue. The gross profit margin for the industrial equipment segment was 16.7%, a slight increase compared to the same period last year.

During the Reporting Period, the integration services segment achieved total operating revenue of RMB 20,735 million, a year-on-year decrease of 3.0%, primarily due to a decline in sales revenue from engineering projects compared to the same period last year. The gross profit margin for the integration services segment was 13.7%, a slight increase compared to the same period last year.



## Analysis of Principal Business

### Analysis of changes of relevant items in the income statement and the statement of cash flows

Unit: 100 million; Currency: RMB

Items	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)	Percentage of change (%)
Operating revenue	1,154.56	1,142.18	1.08
Operating cost	945.25	945.29	0.00
Selling and distribution expenses	29.01	27.98	3.68
General and administrative expenses	79.64	80.02	-0.47
Financial expenses	5.54	10.81	-48.75
Research and development expenditures	56.65	53.69	5.51
Net cash flows generated from operating activities	176.39	77.61	127.28
Net cash flows generated from investing activities	-164.25	6.85	N/A
Net cash flows generated from financing activities	-34.31	-139.37	N/A

Reasons for the changes in financial expenses: The increase in interest income from the same period of the previous year was mainly attributable to the decrease in interest expense due to the decrease in financing rates during the Reporting Period and the significant increase in cash received for purchases and sales of goods and services as a result of the favorable domestic coal-power policies.

The change in net cash flow generated from operating activities is mainly due to the substantial increase in cash inflows from the sale and purchase of goods and services driven by the favourable domestic coal-fired power policies.

The change in net cash flow generated from investing activities is mainly due to the utilization of a portion of the significantly increased advance payments for short-term, stable-income investment products to enhance returns.

The change in net cash flow generated from financing activities is mainly due to the significant cash outflow related to financing activities in the same period last year, which was resulted from the Company's acquisition of minority equity interests in its subsidiaries.





## Analysis of Revenue and Cost

During the Reporting Period, the Company achieved the total revenue of RMB116,186 million, and the net profit attributable to the owners of the Company was RMB752 million.

### Analysis of the principal businesses by segment and geographic location

Unit: 100 million Currency: RMB

Principal businesses by segment						
By segment	Revenue	Operating costs	Gross profit margin (%)	YoY change in revenue (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Energy equipment	617.58	496.00	19.7	5.3	2.8	An increase of 2.0 percentage points
Industrial equipment	386.49	322.00	16.7	-4.3	-4.9	An increase of 0.5 percentage point
Integration services	207.35	178.99	13.7	-3.0	-3.1	An increase of 0.02 percentage point
Principal businesses by geographic location						
Geographic location	Revenue	Operating costs	Gross profit margin (%)	YoY change in revenue (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Mainland China	975.97	785.74	19.5	3.1	0.9	An increase of 1.7 percentage points
Other countries/ jurisdiction	185.89	160.50	13.7	-7.5	-4.2	A decrease of 3.0 percentage points

## Major customers

The sales revenue from the five largest customers of the Company was RMB7,439 million in aggregate for the Reporting Period, accounting for 6.40% of the total sales revenue. Among the top five customers, the sales of related parties were RMB1,743 million, accounting for 1.50% of the total annual sales.

## Major suppliers

The purchases from the five largest suppliers of the Company amounted to RMB4,783 million in aggregate for the Reporting Period, accounting for 4.91% of the total purchases. Among the top five suppliers, the purchases of related parties were RMB1,695 million, accounting for 1.74% of the total annual purchases.

## Analysis of costs

Unit: 100 million; Currency: RMB

By segment	Cost component	For the year ended 31 December 2024	Proportion in the total costs (%)	For the year ended 31 December 2023	Proportion in the total costs (%)	Percentage of change (%)
Energy Equipment	Raw materials	421.89	85.1	409.90	84.9	2.9
	Labour costs	34.55	6.9	33.26	6.9	3.9
	Other fees	39.56	8.0	39.50	8.2	0.2
	Total	496.00	100.0	482.66	100.0	2.8
Industrial Equipment	Raw materials	265.97	82.6	279.44	82.6	-4.8
	Labour costs	28.66	8.9	29.26	8.6	-2.1
	Other fees	27.37	8.5	29.76	8.8	-8.0
	Total	322.00	100.0	338.46	100	-4.9
Integration Services	Equipment	116.26	65.0	119.76	64.9	-2.9
	Construction and installation	37.03	20.7	37.93	20.5	-2.4
	Other fees	25.70	14.4	26.98	14.6	-4.7
	Total	178.99	100.0	184.67	100.0	-3.1

## R&D Expenditure

	Unit: 100 million; Currency: RMB
R&D expenditure expensed in the Reporting Period	56.65
R&D expenditure capitalized in the Reporting Period	0.29
Total R&D expenditure	56.94
Percentage of total R&D expenditure to operating revenue (%)	4.9
Percentage of R&D expenditure capitalized (%)	0.5
	Number of persons
Number of R&D staff	3,925
Percentage of R&D staff to total staff (%)	9.75
	Number of persons
R&D Staff Education Level	
Doctor	108
Postgraduate	1,349
Undergraduate	2,337
Tertiary education	126
Secondary education and below	5
	Number of persons
R&D Staff Age Level	
Below 30 years old (not including 30 years old)	894
30 years old-40 years old (including 30 years old, not including 40 years old)	1,793
40 years old-50 years old (including 40 years old, not including 50 years old)	991
50 years old-60 years old (including 50 years old, not including 60 years old)	205
Above 60 years old	42

During the Reporting Period, the technical strength of core industries of Shanghai Electric continued to improve. The research and development of the Company's main business segments are as follows:

### Energy Equipment

In the field of coal-fired power, we successfully developed and applied comprehensive renovation technology for improving the temperature and efficiency of coal-fired units. This technology targets modifications of the ultra-supercritical temperature parameters to raise both of the main and reheated steam parameters of coal-fired units to 600°C, achieving a reduction in coal consumption of over 25g/kWh for the original unit, and significantly enhancing the safety and reliability of the unit. This technology has been successfully applied in multiple demonstration projects, including Taishan and Luohe, greatly improving power generation efficiency and economics. Additionally, we developed a 350MW efficient and flexible coal-fired turbine coupled with molten salt thermal energy storage, filling the gap in the molten salt energy storage field, which is significant for enhancing the capabilities of supply

guarantee and flexible regulation of coal-fired power units, promoting the application of transformative coal-fired power generation technologies and upgrading of the entire industry chain.

In the field of gas power, we successfully tackled key technical challenges of the F-class heavy-duty gas turbine, achieving international advanced levels in thermal efficiency and emission control, breaking foreign technological monopolies, and enhancing the country's independent innovation capabilities in the heavy-duty gas turbine field, thus ensuring the safety and stability of domestic energy supply. We collaborated with Datang Haikou Power Plant to successfully complete the independent upgrading and demonstration verification of hydrogen blending technology for the large F heavy-duty gas turbine in operation, marking a major technological breakthrough in the field of heavy-duty gas turbine hydrogen combustion from "zero to one". This achievement not only enhances the operational efficiency of gas turbines but also provides technical support for the future large-scale application of hydrogen energy.

In the field of nuclear energy, we delivered the world's first fourth-generation advanced nuclear power 200MW high-temperature gas-cooled reactor main equipment with independent intellectual property rights, which completed a continuous operation test of 168 hours before commercial operation. This marks our mastery of the core manufacturing technology for the 200MW high-temperature gas-cooled reactor of nuclear island main equipment, achieving an equipment localization rate of 93.4%.

In the field of wind power, we officially launched our independently-developed 25MW wind turbine of Poseidon Platform, capable of implementing a distributed energy storage configuration with "one machine, one storage", equipped with grid-connected wind turbine technology, featuring good peak regulation capabilities and better adaptability to the power grid, providing strong support for future utilization of offshore wind power in multiple scenarios, such as weak power grid supply to remote islands, dispersed offshore wind hydrogen production, flexible DC transmission, low-frequency transmission, and floating wind turbines.

In the field of photovoltaics, we have independently developed and successfully launched the "Creator 2.0" high-efficiency heterojunction solar battery, suitable for various application scenarios and harsh environmental conditions. Its high bifaciality, anti-degradation, and high stability characteristics ensure it maintains excellent power generation efficiency under complex climatic conditions, making it especially suitable for applications demanding high power generation efficiency and durability.

In the field of energy storage, we successfully developed and launched the 250kW vanadium-iron flow battery prototype. Compared to traditional all vanadium flow batteries, this battery significantly reduces the amount of vanadium ions in the electrolyte at the same energy density, effectively lowering the cost of the electrolyte. We released a series of energy storage converter products for large-capacity battery cells, primarily including centralized air-liquid-cooled 2x2.6MW energy storage converters and string-type 215kW energy storage converters, effectively address the mismatch between renewable energy generation and electricity demand in time and space, enhancing the absorption level of new energy, and increasing the flexibility of the power system.

In the field of hydrogen energy, our independently developed Z series new alkaline electrolyzer achieved a major breakthrough, receiving certification from Germany's TÜV Rheinland, reaching international leading levels, significantly improving the performance and manufacturing cost-effectiveness of alkaline electrolyzers, solving issues of high energy consumption, low load, and poor safe and stable operation, enhancing the adaptability of large-scale off-grid hydrogen production, and leading industry benchmarks in comprehensive indicators. This product has already been successfully applied in domestic and international projects, such as the French Yipu and China Energy Construction Songyuan. Our independently developed 300Nm<sup>3</sup>/h PEM electrolyzer product has completed assembly and testing, significantly improving the efficiency and stability of PEM electrolyzers and lowering manufacturing costs, making it suitable for applications scenarios of megawatt-level and above PEM electrolyzer, particularly excelling in centralized green hydrogen application scenarios at large-scale wind and solar energy bases.



In the field of power transmission and distribution, our independently-developed 1100kV low-noise ultra-high voltage parallel reactor successfully passed the technical identification of new products, achieving international leading levels in comprehensive performance indicators, with measured noise levels far below relevant standards, effectively addressing the urgent noise challenges faced in current ultra-high voltage engineering construction, and supporting the technological upgrading of domestically produced high-end electrical equipment. The product has already won bids for the Aba-Chengdu East 1000kV ultra-high voltage project of State Grid Sichuan Province Electricity Company, marking our formal entry into the domestic converter transformer and ultra-high voltage markets.

## Industrial Equipment

In the field of elevator, we independently researched and developed and officially released LEHY-H 12.5m/s ultra-high-speed elevator, which excellent performance and highly integrated intelligent control system not only provided efficient and reliable vertical transportation solutions for ultra-high-rise buildings, but also promoted technological innovation and breakthroughs in the field of ultra-high-speed elevators within China's elevator industry, and set up a good demonstration effect.

In the field of industrial basic parts, we have independently developed high-efficiency, long-life subway bogie axle box bearings, successfully applied in Shenzhen Metro Line 11, marking a significant enhancement in the country's independent innovation capabilities in key components for high-end rail transit equipment. This not only improves the safety and reliability of subway vehicles, but also provides economical and efficient solutions for domestic metro operations. The 48-inch titanium alloy turbine large blades have been successfully delivered, signifying that our craftsmanship, manufacturing, and quality control capabilities for titanium alloy large blades have gained domestic and international recognition, laying the foundation for further development of titanium alloy turbine large blades.

In the field of automation equipment, our independently-developed thermoplastic composite 3D printing/fiber winding composite machine tool project has achieved preliminary progress. This project is a key research project supported by the National Ministry of Science and Technology, focusing on solving "bottleneck" issues in aerospace additive manufacturing, promoting the rapid development of the upstream composite materials industry and the upgrading of the downstream aerospace industry. This equipment will also improve the forming quality and efficiency of composite components, significantly reduce production costs, and provide strong technical support for national strategies such as large aircraft manufacturing. We successfully developed the first 320 series of high-end CNC composite grinding center with completely independent intellectual property rights, filling the gap in the domestic high-end CNC composite grinding center market, achieving import substitution, and effectively enhancing the independent controllability of high-end CNC equipment in China. This type of equipment can be widely used in various fields, including aerospace and automotive transportation.

## Integration Services

In the field of smart energy management, we have independently developed the regional energy "Xinglian Dual" innovative energy management solution, which has been applied in multiple cities and industrial parks, enhancing the overall efficiency of regional energy utilization and promoting the development of smart cities.

In the field of solid waste treatment, we have independently developed a demonstration project for the domestic waste pyrolysis and gasification, which has fully independent intellectual property rights, and has been successfully put into operation. This project improves the resource recovery rate of domestic waste, and contributes to the green low-carbon urban development and the construction of a circular economy, providing new pathways and ideas for the green transformation and sustainable development of traditional manufacturing and energy industries, aiding in building a cleaner and more efficient industrial system.

## Analysis of Assets and Liabilities

Unit: 100 million; Currency: RMB

Items	By the end of the current period	Proportion to total assets by the end of the current period (%)	By the end of the preceding period	Proportion to total assets by the end of the preceding period (%)	Percentage of change in amount compared with the end of the preceding period (%)	Explanation
Cash and cash equivalents	325.69	10.77	302.52	10.57	7.66	
Accounts receivable	375.47	12.41	404.78	14.14	-7.24	
Inventories	345.50	11.42	324.24	11.33	6.56	
Contract assets	212.75	7.03	219.13	7.66	-2.91	
Long-term equity investments	138.17	4.57	138.12	4.83	0.04	
Investment Property	10.43	0.34	6.09	0.21	71.26	The primary reason is the consolidation of newly acquired subsidiary for offsetting the debts with equity after negotiation with the guarantor of debts during the Reporting Period.
Fixed assets	208.97	6.91	204.27	7.14	2.30	
Construction in progress	37.78	1.25	19.34	0.68	95.35	The primary reason is the increase in investment in certain ongoing construction projects during the Reporting Period.
Right-of-Use Asset	18.90	0.62	14.10	0.49	34.04	The primary reason is the increase in right-of-use assets caused by newly acquired subsidiaries.
Short-term borrowings	95.48	3.16	82.72	2.89	15.43	
Contract liabilities	579.29	19.15	442.07	15.45	31.04	The primary reason is the increase in advance payments for coal-fired power generation business driven by favourable domestic coal-fired power policies.
Long-term borrowings	276.82	9.15	308.94	10.80	-10.40	



## Analysis of Operational Information by Industry

Shanghai Electric is one of the largest comprehensive equipment manufacturing enterprise groups in China, and the specific industry operating information of its main business is as follows:

### Energy Equipment

In terms of coal-fired power, under the background of the strategic goals of peak carbon dioxide emissions and carbon neutrality, China has been implementing a comprehensive "three reforms linkages" (三改聯動) plan of coal-fired power generation stations, which includes energy-saving and carbon reduction transformation, flexibility transformation and heating supply transformation. According to the Implementation Plan of Transformation and Upgrading of National Coal-fired Power Generating Units (《全國煤電機組改造升級實施方案》), during the "14th Five-Year Plan" period, the scale of energy-saving and carbon reduction transformation of coal-fired power unit will be no less than 350 million kW, the scale of heating supply transformation of coal-fired power unit will strive to reach 50 million kW, while the scale of flexibility transformation of coal-fired power unit will reach 200 million kW. In order to adapt to the new situation of coal-fired power transformation to a combination of basic guarantee and system-adjustable power sources, and to promote the transformation of coal-fired power business development models, in November 2023, the National Development and Reform Commission and the National Energy Administration issued the "Notice on Establishing a Coal-fired Power Capacity Pricing Mechanism", which decided to establish a coal-fired power capacity pricing mechanism starting in 2024 and implement a two-part pricing policy for coal-fired power. The capacity pricing mechanism recognizes the peak modulation value of coal-fired power in the form of electricity price compensation, which has a positive incentive effect on the enthusiasm for investment and construction of coal-fired power. In June 2024, the National Development and Reform Commission and the National Energy Administration issued Low-carbon Transformation and Construction Action Plan for Coal-fired Electricity (2024–2027), which intensified efforts in energy conservation and carbon reduction, coordinated the promotion of low-carbon retrofits for existing coal-fired power generating units and low-carbon construction of new coal-fired power generating units, and accelerated the construction of a clean, low-carbon, safe and efficient new energy system, creating new pathways and opportunities for the new round of innovative development of coal power.

In the field of gas turbine, new development opportunities are emerging with the construction of a new electricity system. In March 2022, the National Development and Reform Commission and the National Energy Administration issued the "14th Five-Year Plan" for Modern Energy Systems (《「十四五」現代能源體系規劃》), which further emphasized the development of peak-shaving natural gas power stations according to local conditions and the orderly advancement of heavy-duty gas turbine construction to enhance the flexible adjustment ability of the power system, promoting the integration of gas turbines with renewable energy to build a multi-energy complementary comprehensive energy system; accelerating breakthroughs in key technologies of gas turbines, advancing the demonstration and application of domestically produced heavy-duty gas turbines, and exploring the comprehensive application of gas-fired power generation in scenarios such as industrial park heating and low-carbon urban energy supply. The positioning of gas turbines will be more focused in supporting power system flexibility and facilitating the low-carbon transformation. With the large-scale grid integration of renewable energy, the peak-shaving capabilities and low-carbon emission advantages of gas turbines are expected to be further released, leading to steady growth in installed capacity.

In terms of nuclear energy, the domestic nuclear power industry is ushering into an important period

with strategic opportunities alongside with the strategic goal on peak carbon dioxide emissions and carbon neutrality. The government work report issued at the beginning of 2021 put forward that the government shall "take active and well-ordered steps to develop nuclear energy on the basis of ensuring its safe use", which embodied a great prospect for the industry. In March 2022, the National Development and Reform Commission and the National Energy Administration announced the 14th Five-Year Plan for Modern Energy Systems (《「十四五」現代能源體系規劃》), which states that "on the premise of securing safety, we will actively and orderly promote the construction of coastal nuclear power projects, by maintaining a steady pace of construction and properly allocate additional coastal nuclear power projects, conduct integrated nuclear energy demonstration projects, actively promote the demonstration projects of advanced reactor types such as high-temperature gas-cooled reactors, fast reactors, modular small reactors and offshore floating reactors, and promote the integrated use of nuclear energy in areas such as clean heating, industrial heating and seawater desalination". Therefore, during the 14th Five-Year Plan period, the positioning of nuclear energy in China's clean, low-carbon, safe, and efficient modern energy system will be clearer, and its role will be more prominent. The installed capacity of nuclear power is expected to further expand, and the construction of nuclear power units will continue to be at a high level.

In the field of wind power and photovoltaic, with the deepening implementation of the "dual carbon" strategy and the accelerated construction of a new electricity system, 2024 saw continued rapid growth in the wind power and photovoltaic industries with policy guidance becoming more refined and standardized, and the market development entered a new phase of quality improvement and efficiency enhancement. In March 2024, the National Energy Administration issued the "Guiding Opinions on Energy Work for 2024", explicitly stating that "the proportion of installed capacity for non-fossil fuel power generation shall increase to approximately 55%, and wind power and solar power shall account for over 17% of the nation's electricity generation". According to the statistics of the National Energy Administration, in 2024, the newly installed capacity of wind power reached 79.82 million kW (including 75.79 million kW onshore wind power and 4.04 million kW offshore wind power), and the newly installed capacity of photovoltaic reached 278 million kW. Annual power generation of wind power and photovoltaic reached 991.6 billion kWh and 834.1 billion kWh, respectively, accounting for more than 19% in aggregate, and further solidifying the leading role of wind power and photovoltaic in ensuring energy security and advancing the low-carbon transformation.

In the field of power grid, China successively issued various key guiding documents including the Guiding Opinions on Energy Work for 2024 (《2024年能源工作指導意見》), the Guiding Opinions on Strengthening the Capacity Construction of Peak-Shaving, Energy Storage and Intelligent Dispatching of Power Grids (《關於加強電網調峰儲能和智能化調度能力建設的指導意見》) and the Guiding Opinions on High-quality Development of Power Distribution Grids under New Situation (《關於新形勢下配電網高質量發展的指導意見》), and various action plans including the Action Plan for Promoting Large-scale Equipment Renewal and Consumer Goods Trade-Ins (《推動大規模設備更新和消費品以舊換新行動方案》), the Action Plan for High-quality Development of Distribution Grids (2024–2027) (《配電網高質量發展行動實施方案(2024—2027年)》), and the Action Plan for Accelerating the Construction of a New Electricity System (2024–2027) (《加快構建新型電力系統行動方案(2024—2027年)》) in 2024. According to the above policies, the security of the electricity system and the management of power quality will be strengthened in all aspects on the supply side of electricity, and the management of new electricity operators will be further standardized and optimized; the construction of the power grid's capacity for the allocation, regulation and control of clean resources will be accelerated; and on the consumption side of electricity, the demand for green power consumption will be focused on



and penetrated into the key industries. The operation and management system of the power market will be more systematic and standardized. Consequently, transmission and distribution equipment are poised for a period of rapid development, encompassing equipment upgrades, technological transformations and circular utilization.

## Industrial Equipment

There are more than 10 million elevators in use in China currently, of which the proportion of old elevators with an age over 15 years has been increasing. Due to the influence of the real estate market, the growth rate of demand for complete machine of elevator will slow down in the future, but the growth rate of elevator for old building renewal and installation, household elevator and other businesses will accelerate, and the elevator industry will still maintain a trend of steady growth in general. Due to overcapacity, competition in the elevator industry will become more intense and shows a trend of integration towards large enterprises. The installation and maintenance resources of elevators have become one of the strategic resources for enterprises. The promulgation and implementation of the Special Equipment Safety Law will have a significant and far-reaching impact on the installation and maintenance business of the elevator industry, creating new strategic opportunities and challenges for elevator enterprises. Especially with the gradual improvement of the market environment for existing elevators in use, the scale of maintenance, repair and renovation services is expanding, and market share will be concentrated in elevator manufacturing enterprises.

In the field of industrial basic parts, the global industrial basic parts sector showed steady growth driven by technological advancements and market demand. The rapid development of intelligent manufacturing, new energy equipment and high-end equipment manufacturing significantly accelerated the process of domestication of core basic parts such as high-end bearings, precision gears and high-performance fasteners. It is expected that China's industrial basic parts market will maintain steady growth.

In the field of automation, the automation equipment industry is developing rapidly under the impetus of smart manufacturing upgrades and the "dual carbon" goal. At the national level, policies such as the Smart Manufacturing Development Plan under the "14th Five-Year Plan" and the Industrial Energy Efficiency Improvement Action Plan have been launched intensively to accelerate the transformation and upgrading the industries of robotics, intelligent testing equipment and new energy. In the future, the deep integration of artificial intelligence and industrial scenarios, and the combination of green energy saving and intelligent equipment will create more space and opportunities in the markets.

## Integration Services

Focusing on the national "Belt and Road" Initiative, we regard more than 50 countries and regions involved in the "Belt and Road" Initiative as key markets of engineering projects. We have sped up the construction of sales and project supporting outlets around the global market. At present, we have over twenty overseas branches in U.K., Japan, Australia, South Africa, Mexico and Panama, etc., and we will keep actively promoting construction of overseas outlets to achieve multi-regional sales and projects supporting capacity. We are exploring businesses of both centralized and distributed new energy simultaneously under the guidance of new energy resource development, and actively promote the integration of industry and finance as well.



## Analysis on Investments

### Significant Equity Investments

On 18 October 2024, the Board considered and approved the relevant resolution, pursuant to which, Shanghai Electric Automation Group Co., Ltd.\* (上海電氣自動化集團有限公司), a wholly-owned subsidiary of the Company, was approved to acquire 100% equity interest in Ningsheng Industrial held by SEGEC in cash. The transaction price was RMB3,082,421.1 thousand. As at the date of this report, the above transaction has been completed.



## Equity Interests In Other Listed Companies Held By The Company

Unit: '000; Currency: RMB

Stock Code	Stock abbreviation	Initial investment amount	Source of Funds	Carrying amount as at the beginning of the period	Gain or loss from the change of fair value during the period	The amount sold in the current period	The investment income for the period	Carrying amount as at the end of the period	Classification in accounts
600642	Shenergy	2,800	Own funds	17,377	8,289		990	25,666	Other non-current financial assets
600633	Zhejiang Daily Digital Culture	7,462	Own funds	48,469	-2,629		964	45,840	Other non-current financial assets
000501	Wu Han Department Store Group Co., Ltd.	353	Own funds	1,653	376		29	2,029	Other non-current financial assets
600665	Tande Co., Ltd.	1,400	Own funds	2,994	-515		-	2,479	Other non-current financial assets
601229	Bank of Shanghai	1,620	Own funds	28,993	15,444		2,683	44,437	Other non-current financial assets
HK00020	SenseTime -w	323,724	Own funds	134,976	60,889	-72,482	10,097	133,480	Other non-current financial assets
HK09863	LeapMotor	507,151	Own funds	884,488	-145,821	-774,763	36,096	-	Other non-current financial assets
600515	Hainan Airport	8,475	Debt to equity swap	6,950	314			7,264	Financial assets held for trading
Total		852,985		1,125,900	-63,653	-847,245	50,859	261,195	





## The Board's Discussion and Analysis on the Future Prospect of the Company

### Industry Competition Landscape and Development Trend

China is currently in a critical period of transitioning from old to new economic growth drivers. In the short term, there are still many difficulties and challenges, primarily due to insufficient domestic demand. However, in the long term, China's economic foundation remains solid, with numerous advantages, strong resilience and significant potential. The supporting conditions and fundamental trends for long-term positive growth remain unchanged. At the end of 2024, the Central Economic Work Conference proposed that a more proactive fiscal policy and a moderately loose monetary policy shall be implemented, efforts shall be made to strengthen the coordination and integration of policies and reform and opening initiatives in areas such as fiscal, monetary, employment, industry, regional development, trade, environmental protection and regulation, so as to enhance the overall effectiveness of policies in 2025. At the same time, the country is accelerating the construction of a new energy system and advancing new industrialization, with policy directions favoring the development of the real economy and the transformation of the manufacturing sector. In recent years, the central government has launched a series of policy measures through meeting deployment, policy guidance and industrial support to promote the transformation and upgrading of the production side, boost consumer confidence and expand consumption, including a series of policy documents such as implementation of major national strategies and building up security capacity in key areas, promotion large-scale renewal of equipment and the trade-in of consumer goods, promotion

and application of the first (set of) major technical equipment, stable growth in the power equipment industry, development of green aviation manufacturing, as well as Industrial Machine Tools+, industrial robots and smart manufacturing, which have provided important support for the promotion of the real economy, especially the advanced manufacturing, and have also created favourable conditions for the development of the equipment manufacturing in terms of market expansion, transformation and upgrading and technological innovation.

From the perspective of the energy sector, according to data from the National Energy Administration, China's cumulative installed power generation capacity reached approximately 3.35 billion kW in 2024, representing a year-on-year increase of 14.6%. Specifically, hydropower grew by 3.2%, thermal power by 3.8%, nuclear power by 6.9%, wind power by 18.0%, and solar power by 45.2%. The 20th National Congress of the Communist Party of China emphasized the need to working actively and prudently toward the goals of reaching peak carbon emissions and carbon neutrality by advancing initiatives to reach peak carbon emissions in a well-planned and phased way in line with the principle of building the new before discarding the old based on China's energy and resource endowment, and the need to promote clean, low-carbon, and high-efficiency energy use by thoroughly advancing the energy revolution, speeding up the planning and development of a system for new energy sources and ensuring energy security. From the perspective of energy installation data and the national overall energy development strategy, China's energy sector is currently in a period of development opportunities, with coal-fired power maintaining its supporting power status, while markets for initiatives such as flexibility transformation are being launched, wind power, photovoltaic and other new energy experiencing rapid growth, hydropower construction being actively



promoted, nuclear power progressing in an orderly manner, and energy storage entering a phase of large-scale development. We possess key technologies and equipment in fields of coal-fired power, gas turbines, nuclear power, wind power, solar power, energy storage, hydrogen energy, and power transmission and distribution. Through system integration, we can offer unique solutions for new electricity system equipment to better serve national strategies and achieve high-quality development in the energy equipment sector.

From the perspective of the industrial sector, according to the 2024 economic performance data released by the National Bureau of Statistics, the value-added industrial output of enterprises above designated size in China increased by 5.8% compared to the previous year. Among these, the value-added of equipment manufacturing industry grew by 7.7%, and that of high-tech manufacturing industry grew by 8.9%. Industries such as new energy vehicles, integrated circuits and industrial robots experienced rapid development, with output increasing by 38.7%, 22.2% and 14.2%, respectively. The 20th National Congress of the Communist Party of China emphasized the need to focus on the real economy as the cornerstone of economic development, accelerate the advancement of new industrialization, cultivate and expand advanced manufacturing clusters, promote the manufacturing sector toward higher-end, smarter, and greener production and boost China's strength in manufacturing, product quality, aerospace, transportation, cyberspace, and digital development. From development data and national policies, the industrial sector is undergoing a critical transformation toward high-end, intelligent and green development, with industrial chains being rapidly restructured. Technological innovation and sustainability have emerged as the core drivers of growth. The deep integration of next-generation technologies, including the industrial internet, big data and artificial intelligence, is giving rise to new production models and processes. Building on our expertise in green energy and high-end equipment technologies and leveraging next-generation technologies, we are actively launching the high-end, intelligent and green transformation and upgrading in the industrial sector, to accelerate the construction of new industrialization.

## Development Strategy

We adhere to the main working tone of "serving national strategies, aligning closely with national needs, developing new quality productive forces, building core competitiveness, and achieving high-quality development", adopts the concept of "open collaboration, win-win cooperation", and aims at the goal of world-class equipment enterprise featured "high-end, green, and intelligent". The Company will focus on promoting the linkage of "smart energy and intelligent manufacturing", the two-wheel drivers of "industrial intelligentization and service industrialization" and the interaction of "energy internet and industrial internet", drive the cultivation and development of new driving forces with technology

innovation and unswervingly promote the Group to achieve high-quality development.

The Company will focus on the main path of high-quality development of main businesses with the improvement of operation quality and industrial competitiveness as the core target, namely, pursuing progress while ensuring stability in the scale of main businesses, continuously improving the return rate of net assets of main businesses, increasing the proportion of the equipment and service business, expanding the proportion of strategic emerging industries, improving the per capita efficiency and optimizing the asset structure.

Under the background of "carbon peaking and carbon neutrality" strategy, the Group will give full play to its advantages in efficient and clean energy equipment, vigorously layout the core equipment industry of "wind power, solar power, energy storage, hydrogen power". The Company will promote resource development and coordinate with its excellent equipment manufacturing, and help to realize the optimal combination of traditional energy and new energy by relying on technological innovation and institutional innovation, so as to contribute to the construction of new power system with new energy as the main body. At the same time, the Company will actively cultivate emerging equipment industries such as new energy vehicle parts, automation equipment, and industrial software, and vigorously promote the transformation and development of industrial intelligence, greenization, integration, and collaboration.

In order to effectively promote high-quality development, the Group will build a scientific, efficient and powerful scientific and technological innovation system, an industrial system with innovation leading and coordinated development, an organizational system with orderly management and control, efficient and coordinated development, a corporate governance system with effective checks and balances, and a comprehensive, systematic, scientific and reasonable performance evaluation system from the aspects of scientific and technological innovation, industrial development, organization and management, corporate governance and talent construction, and build a strategic support system for human resources.

## Operation Plans

The year 2025 marks the Company's "Year of Management Enhancement". We will focus on the overarching requirements of "serving national strategies, aligning closely with national needs, developing new quality productive forces, building core competitiveness, and achieving high-quality development", uphold and strengthen the Party's comprehensive leadership, advance the strict governance of the Party in all respects, continuously

consolidate our developmental advantages, cultivate new growth drivers for the future, and unleash the momentum and vitality of development to promote high-quality growth with the aim of "forming core competitiveness" and the focus on the "multiple pillars" (including four key tasks and eight specialized actions). The Company will prioritize the following tasks:

### *Upholding Party Leadership to Empower Industrial Development through Party Building*

We will strengthen theoretical study and policy research, adhere to the "first topic" system, and enhance the understanding of national policy directions. We will deepen the integration of Party building with business operations, promote innovation in Party building, strengthen grassroots foundations and unite efforts for development. We will implement the full and strict governance over the Party, refine the "Four Responsibilities Coordination" mechanism, and drive the full and strict governance over the Party at greater depth.

### *Insisting on Strategic Guidance to Refine Industrial Layout Planning*

We will align with national and Shanghai's strategic development directions, relevant industrial policies, and new requirements for state-owned enterprise reform. By comprehensively coordinating industrial resources both within and outside Shanghai, domestically and internationally, we will effectively integrate corporate development needs with regional development strategies. Focusing on our core responsibilities and main businesses, we will enhance vertical integration and horizontal collaboration, refine industrial layout planning, and establish a more competitive industrial structure and collaborative organizational system.

### *Adhering to Technology-driven Development to Deepen the Construction of Technological Innovation System*

We will adhere to the path of self-reliance and self-improvement in high-level technology, focus on strengthening the advantageous high-end industry clusters and tapping into the emerging and future high-end industry clusters. We will advance digital empowerment, and promote intelligent factory upgrades and the Group's digital transformation. We will improve the efficiency of R&D investment and output, drive technological iteration, product innovation and cost reduction. We will further implement an open technological innovation system, and accelerate the construction of high-level innovation platforms.

### *Maintaining Core Responsibilities and Main Businesses to Enhance Industrial Competitiveness*

We will seize the historical opportunity of domestic substitution, seek breakthroughs as the first in commercial applications, and identify new growth drivers. Through ways including mergers and acquisitions, R&D incubation, joint ventures and partnerships, we will actively explore new trends, businesses and markets within our core responsibilities and main businesses. We will promote green and low-carbon transformation, focus on key regions, technologies and projects to achieve breakthroughs, and drive the implementation of integrated system solutions. We will actively cultivate and establish industrial "chain leaders," gradually forming a synergistic mechanism with industrial-financial collaboration and mutual benefit.

### *Persisting in Benchmarking against Industry Leaders to Continuously Promote the Quality and Efficiency of Management and Control*

We will benchmark against industry leaders, continuously enhance management efficiency, and drive corporate operation improvement. We will steadily improve internal management, accelerate the disposal of non-core and low-efficiency assets. We will further refine our market system, improve the major client director system and regional headquarters setup, explore more collaborative models with relevant stakeholders in joint research, industrial implementation and project investment. We will integrate overseas layouts with precision while strengthening control over major overseas projects.

### *Sticking to Talent Development to Actively Promote Cadre and Talent Cultivation*

We will strengthen the training of young cadres, emphasize performance orientation, and adhere to the principle of "training through practice". We will enhance the training of scientific and technological talent, promote an "engineer" culture, improve incentive and constraint mechanisms for tech talent, and foster a conducive environment for innovation. We will strengthen the cultivation of international talent, and guide outstanding individuals to focus on key overseas enterprises, major engineering projects, and critical market regions. We will further refine a hierarchical and categorized talent development system, solidifying talent reserves across all fields.

## **Potential Risks**

### *Market Risks*

Equipment manufacturing industry is highly correlated with national economic growth. Changes in macro economy, national



policy amendment, infrastructure construction investment scale, urbanization progress and cyclical fluctuations in industry development may bring about impacts to the sustainable development of the Company. Meanwhile, China accelerates the construction of a national unified electricity market and accelerates the planning and construction of a new energy system. The energy industry is at the critical point of the new and old system, market competition in the field of new energy is everywhere and is becoming increasingly fierce, and industrial structure is accelerating the green and low-carbon transition, which brings the Company new opportunities and challenges.

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

#### *Raw Material Prices Fluctuation Risks*

The procurement cost of the Company's principal businesses is impacted by the fluctuated price of bulk materials. Meanwhile, due to long cycle of some orders undertaken by the Company, the sharp fluctuations of raw material prices will 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 strengthening studies on the exchange rate movements of the relevant regions, utilize more hedging instruments, improve the hedging mechanism on the fluctuation of the exchange rate, and increase its RMB settlement scope in cross-border trades, lock-in certain exchange rates to reduce exchange risks and exercise better control over the costs of its overseas projects to avoid the adverse effects from exchange rate fluctuations.

### Overseas Business Risks

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

In this regard, the Company will pay close attention to and study the policies 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 for related 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 overseas.

### Source of Funding and Indebtedness

As at 31 December 2024, the Group had an aggregate amount of bank and other borrowings and bonds of RMB46,786 million (2023: RMB46,047 million), representing an increase of RMB739 million as compared with that of the beginning of the year. Borrowings and bonds repayable by the Group within one year amounted to RMB19,104 million, representing an increase of RMB4,700 million as compared with that of the beginning of the year. Borrowings and bonds repayable after one year amounted to RMB27,682 million,

representing a decrease of RMB3,961 million as compared with that of the beginning of the year. As at 31 December 2024, among the Group's bank and other borrowings:

(1) unsecured bank borrowings  
 borrowings denominated in US dollars amounted to USD70,000 thousand in total (2023: USD337,000 thousand), equivalent to RMB503,188 thousand (2023: RMB2,386,870 thousand);  
 borrowings denominated in Euros amounted to EUR221,714 thousand in total (2023: EUR456,619 thousand), equivalent to RMB1,668,551 thousand (2023: RMB3,588,658 thousand);  
 borrowings denominated in Hong Kong dollars amounted to HKD815,000 thousand in total (2023: HKD499,989 thousand), equivalent to RMB754,723 thousand (2023: RMB453,100 thousand);  
 borrowings denominated in Yen amounted to JPY538,008 thousand in total (2023: Nil), equivalent to RMB24,874 thousand (2023: Nil).

(2) secured bank borrowings  
 borrowings denominated in US dollars amounted to USD4,502 thousand in total (2023: USD4,502 thousand), equivalent to RMB32,362 thousand (2023: RMB31,886 thousand);  
 borrowings denominated in Euros amounted to EUR4,395 thousand in total (2023: EUR4,202 thousand), equivalent to RMB33,072 thousand (2023: RMB33,021 thousand).

(3) guaranteed bank borrowings  
 borrowings denominated in US dollars amounted to USD82,792 thousand in total (2023: USD 122,876 thousand), equivalent to RMB595,140 thousand (2023: RMB799,469 thousand);  
 borrowings denominated in Euros amounted to EUR227,300 thousand in total (2023: EUR95,000 thousand), equivalent to RMB1,710,592 thousand (2023: RMB746,624 thousand).

(4) all other unsecured bank borrowings are denominated in RMB.

As at 31 December 2024, gearing ratio of the Group, which represents the ratio of the sum of interest-bearing bank borrowings and other borrowings and bonds to the sum of total equity of the shareholders plus interest-bearing bank borrowings and other borrowings and bonds, was 41.97%, representing an increase of 1.30 percentage points as compared with 40.67%(restated) at the beginning of the year.

### Pledge of Assets

As at 31 December 2024, the Group's bank deposits amounted to RMB1,585 million (2023: RMB1,379 million), receivable financing with a carrying amount of RMB0 million (2023: RMB12 million),



notes receivable with a carrying amount of RMB0 million (2023: RMB4 million) and certain property and equipment with a carrying amount of RMB1,747 million (2023: RMB1,922 million) were secured to banks to obtain bank borrowings or credit facilities. Part of the Group's bank borrowings was secured by the Group's long-term receivables, with a carrying amount of RMB2,493 million (2023: RMB2,351 million).

## Contingent Liabilities

Please refer to note 11 to the financial statements for details.

## Capital Commitments

Please refer to note 11 to the financial statements for details.

## Proposals for profit distribution or transfer of capital reserves to share capital

As audited by Ernst & Young Hua Ming LLP, the net profits of the Company for 2024 as shown on the financial statements of the Company (not consolidated) prepared in accordance with the PRC GAAP was RMB903,068 thousand. The undistributed profits on ordinary shares amounted to RMB-942,542 thousand at the beginning of 2024, and the distributable profits at the end of 2024 amounted to RMB-39,474 thousand.

Upon consideration by the Board of the Company, the proposed profit distribution plan for 2024 of the Company is no distribution of profit or conversion of capital reserves into share capital for the year 2024, which is subject to approval at the annual general meeting of the Company.

## Final dividend

The Board of the Company proposed not to declare final dividend for the year 2024, which is subject to approval at the forthcoming annual general meeting of the Company.

## Closure of Register of Members

The Company will notify its shareholders on a later date about the date of the annual general meeting for the year ended 31 December 2024 as well as the corresponding arrangements for suspension of share transfer registration.

## Contract of Significance

During the Reporting Period, save as disclosed in this report, neither the Company nor any of its subsidiaries had any contract of significance with its controlling shareholder or its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries (as defined in Appendix D2 to the Hong Kong Listing Rules).

## Equity-linked Agreement

During the Reporting Period, no equity-linked agreements were entered into by the Company or subsisted during or at the end of the year that will or may result in the Company issuing shares, or requiring the Company to enter into any agreement that will or may result in the Company issuing shares.

## Donations

The Group has earnestly performed its social responsibility. The total expenses of the Group for public welfare projects, charity donations, poverty alleviation donations and education sponsorship in 2024 amounted to RMB5.131 million approximately.

## Compliance with relevant laws and regulations

As a public company listed in both Mainland China and Hong Kong, the Company has formulated and continuously improved various rules and regulations in strict compliance with the requirements of relevant laws and regulations and normative documents of China and Hong Kong, including the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies in China, the Corporate Governance Code set out in Appendix C1 to Hong Kong Listing Rules as well as the provisions of the Articles of Association of the Company, to regulate the operations of the Company. The Company is committed to maintaining and improving the Company's good image in the market.

## Environmental Policy and Performance of the Company

The Company insists on taking sustainable development as a key point in its strategic development, and endeavors to develop circular economy, improve resource utilization efficiency and build up an eco-friendly manufacturing system in pursuit of green development.

The Company has a production safety and environmental protection committee (the "Committee"). The Committee is chaired by the President of the Company and is responsible for the management and operation of the production safety and environmental protection systems of the Group. The Committee members comprise the responsible persons of the Group's major functional departments and business groups.

During the Reporting Period, the Company advocated energy conservation and consumption reduction, and reduced pollution to the environment arising from each stage of production process and activities through technological innovation. In addition, the Company provided its suppliers and customers with solutions on factory energy conservation, building energy conservation and air-conditioning energy conservation so as to make its humble contribution in promoting the completion of an efficient, visible and sustainable target for energy conservation for the society. In recent years, on the one hand, the Company has been actively promoting high-end technology and making efforts in developing clean energy and green technology, trying to deepen its cultivation in technology fields for high efficiency and clean energy, as well as ultra-low emission and near zero emission, and to build up an industrial base; and on the other hand, the Company has been actively developing the environment protection business with a focus on environment protection facilities, integrated treatment of pollutants, and comprehensive utilization of resources. So far, the Company has built up its capability in general contracting in respect of power plant environmental facilities, solid waste treatment, sewage treatment, biomass power generation, and environment protection engineering projects.

During the Reporting Period, the Company has complied with the "Comply or Explain" provision under the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Hong Kong Listing Rules. The Company will separately prepare the environmental, social and governance report for 2024, which will be separately published by the end of April 2025.

## Changes in Accounting Policies

In accordance with the "Compilation of Application Guide to the

Accounting Standards for Business Enterprises 2024" (《企業會計準則應用指南彙編2024》) issued by the Ministry of Finance of the People's Republic of China (the "Ministry of Finance"), the Company would class the assurance-type warranty expenses related to sales of products from main operations to cost of sales from 1 January 2024, and restate the comparative data for the year ended 31 December 2023 pursuant to the changes in accounting policies. For details, please refer to the Company's announcement on changes in accounting policies published on 30 August 2024.

## Review of Annual Results by Audit Committee

The Audit Committee of the Board has reviewed and confirmed the Group's audited financial statements and the annual report of the Company for the year ended 31 December 2024 and has raised no objection to the accounting policies and practices adopted by the Group.

## Purchase, Redemption or Sale of Listed Securities of the Company

The resolution on the grant of general mandate to the Board to buy back A Shares not exceeding 10% of the number of issued A Shares of the Company or to buy back H Shares not exceeding 10% of the number of issued H Shares of the Company was considered and approved at the 2024 fifth extraordinary general meeting, the 2024 first A Share class meeting and the 2024 first H Share class meeting held on 22 November 2024. A general mandate be granted to the Board by the general meeting and the class meetings to decide on the buy-back of the Company's A Shares not exceeding 10% of the number of issued A Shares or H Shares not exceeding 10% of the number of issued H Shares of the Company (whichever is preferred) in the light of market conditions and the needs of the Company.

During the Reporting Period, no purchase, sale or redemption of the Company's listed securities (including sale of treasury shares (as defined in the Hong Kong Listing Rules)) has been made by the Company or any of its subsidiaries. As at the end of the Reporting Period, the Company did not hold any treasury shares (including any treasury shares held or deposited in the Hong Kong Central Clearing and Settlement System).

## Reserves

Details of the movements in the reserves of the Company and the Group during the year were set out in note 5(52), 5(53), 5(54) to the financial statements and the consolidated statement of changes in equity.

## Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Company and the Group during the year were set out in note 5(22) to the financial statements.

## Directors' Rights to Acquire Shares and Debentures

At no time during the year were rights to acquire benefits by means of an acquisition of shares or debentures of the Company granted to any Directors or their respective spouse or minor children; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## Sufficiency of Public Float

Based on publicly available information and to the best knowledge of the Directors, the Board confirms that the Company has maintained sufficient public float as at the latest practicable date prior to the issue of this report.

## Pre-emptive Rights Arrangement

Under the requirements of the PRC laws and the Articles of Association, the Company's shareholders have no preemptive rights.

## Tax Relief and Exemption

Shareholders of the Company are taxed in accordance with the applicable tax regulations and the amendments thereof from time to time, and may be eligible for possible tax relief based on their specific circumstances. Shareholders should seek professional advice from their tax and legal advisors regarding specific tax matters.

**Wu Lei**  
Chairman

# Significant Events

The disclosure of the following matter will not, in the Directors' opinion, be harmful to the business of the Company.

## Connected Transactions and Continuing Connected Transactions

According to the requirements of the Hong Kong Listing Rules, the connected transactions and continuing connected transactions between the Company and its subsidiaries (the "Group") and their connected persons for the year ended 31 December 2024 are disclosed in detail as follows:

### Connected Transactions

#### *Acquisition of 4.4415% Equity Interest in Shanghai Prime by SMEIC*

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

#### *Acquisition of Production and Operation Equipment*

On 27 September 2024, the Board considered and approved the relevant resolution, pursuant to which Shanghai Electric SHMP Casting & Forging Co., Ltd., a wholly-owned subsidiary of the Company, was approved to enter into an agreement with Shanghai Electric Enterprise Development Co., Ltd. for the purchase of 2,637 units of production and operation equipment. The acquisition price, totaling approximately RMB277.2066 million (excluding value-added tax), is the appraised value of the above assets as at the valuation benchmark date, i.e. 30 June 2024, as filed with the state-

owned assets authorities. As of the date of this report, the transaction has been completed.

#### *Acquisition of 100% Equity Interests in Ningsheng Industrial*

On 18 October 2024, the Board considered and approved the relevant resolution, pursuant to which Shanghai Electric Automation Group Co., Ltd.\* (上海電氣自動化集團有限公司), a wholly-owned subsidiary of the Company, was approved to acquire 100% equity interest in Ningsheng Industrial held by SEGC in cash. The appraised value of 100% equity interest in Ningsheng Industrial amounted to RMB3,282,421.1 thousand as at the valuation benchmark date, i.e. 30 June 2024. On 15 October 2024, Ningsheng Industrial considered and approved the profit distribution plan, and distributed dividends to shareholders amounting to RMB200,000.0 thousand. The transaction price is based on the above valuation results, and after deducting the above profit distribution amount from the appraised value and friendly negotiations between the parties to the transaction, the transaction price was RMB3,082,421.1 thousand. The transaction was approved by the extraordinary general meeting the Company on 22 November 2024. As of the date of this report, the transaction has been completed.

### Continuing Connected Transactions

#### *Continuing Connected Transactions with SEGC*

##### *Sales framework agreement*

The Company entered into sales framework agreement with SEGC on 19 October 2022, pursuant to which the Group agrees to provide electrical engineering, mechanical products and other related services to SEGC and its subsidiaries and associates (the "Parent Group"). The approved annual caps of the relevant sales for the years ended 31 December 2023, 2024 and 2025 is RMB700,000,000, RMB700,000,000 and RMB700,000,000.

The above sales framework agreement was entered into in the ordinary course of business of the Group and is on



normal commercial terms. The various types of products and services under the sales framework agreement shall be priced according to the following general principles in sequential order:

- where there is government (including local government) prescribed price, such price shall apply;
- where there is no such government prescribed price, the price shall fall within the band of government guidance price;
- where there is no such government guidance price, the price will be determined with reference to the selling price of the same or similar products and services between the Group and independent third party customers from time to time. In order to ensure that the selling prices are fair and reasonable, the Group will compare the price offered by the Parent Group against that between the Group and independent third party customers requiring the same or similar products and services. The Group will only sell to the Parent Group if they are not less favourable to the prices between the Group and independent third parties.

The term of the sales framework agreement is three years commencing on 1 January 2023, renewable at the option of the Company by giving three months' notice prior to the expiry of the agreement.

The actual sales to the Parent Group for the year ended 31 December 2024 was RMB461.11 million.

#### *Purchase framework agreement*

The Company entered into purchase framework agreement with SEGC on 19 October 2022, pursuant to which the Group agrees to purchase purchasing of certain component parts, such as automatic instruments, other mechanical equipment and raw materials from the Parent Group. The approved annual caps of the relevant purchases

for the years ended 31 December 2023, 2024 and 2025 is RMB500,000,000, RMB500,000,000 and RMB500,000,000.

The above purchase framework agreement was entered into in the ordinary course of business of the Group and is on normal commercial terms. The various types of products and services under the purchase framework agreement shall be priced according to the following general principles in sequential order:

- where there is government (including local government) prescribed price, such price shall apply;
- where there is no such government prescribed price, the price shall fall within the band of government guidance price;
- where there is no such government guidance price, the price will be determined with reference to the prevailing market price for the same or similar products and services provided by independent third party vendors from time to time. In order to ensure that the prices are fair and reasonable and in line with the prevailing market, the Group will obtain quotations from independent third party vendors providing the same or similar products and services. Such quotations will be compared against the quotations from the Parent Group and the Group will only accept the Parent Group's quotation if they are not less favourable to the Group.

The term of the purchase framework agreement is three years commencing on 1 January 2023, renewable at the option of the Company by giving three months' notice prior to the expiry of the agreement.

The actual purchase from the Parent Group for the year ended 31 December 2024 was RMB174.63 million.

#### *Provision of comprehensive services framework agreement*

The Company entered into provision of comprehensive services framework agreement with SEGC on 19 October 2022, pursuant to which the Group agrees to provide the Parent Group with informationization, professional consultation, entrusted management, house leasing and other services. The approved annual caps of the provision of relevant comprehensive services for the years ended 31 December 2023, 2024 and 2025 is RMB400,000,000, RMB400,000,000 and RMB400,000,000.

The provision of comprehensive services framework agreement was entered into in the ordinary course of business of the Group and is on normal commercial terms. The various types of services under the provision of comprehensive services framework agreement shall be priced according to the following general principles in sequential order:

- where there is government (including local government) prescribed price, such price shall apply;
- where there is no such government prescribed price, the price shall fall within the band of government guidance price;
- where there is no such government guidance price, the price will be determined with reference to the price of the same or similar services offered by the Group to independent third party customers from time to time. In order to ensure that the provision prices are fair and reasonable, the Group will compare the price offered by the Parent Group against that between the Group and independent third party customers requiring the same or similar services and the Group will only provide services to the Parent Group if they are not less favourable to the prices between the Group and independent third party customers.

The term of the provision of comprehensive services framework agreement is three years commencing on 1 January 2023, renewable at the option of the Company by giving three months' notice prior to the expiry of the agreement.

The actual comprehensive services provided for the Parent Group for the year ended 31 December 2024 was RMB268.36 million.

#### *Acceptance of comprehensive services framework agreement*

The Company entered into acceptance of comprehensive services framework agreement with SEGC on 19 October 2022, pursuant to which the Group agrees to accept the comprehensive services provided by the Parent Group, including but not limited to property management, house leasing, training services, etc. The approved annual caps of the acceptance of relevant comprehensive services for the years ended 31 December 2023, 2024 and 2025 is RMB200,000,000, RMB200,000,000 and RMB200,000,000.

The acceptance of comprehensive services framework agreement was entered into in the ordinary course of business of the Group and is on normal commercial terms. The various types of services under the acceptance of comprehensive services framework agreement shall be priced according to the following general principles in sequential order:

- where there is government (including local government) prescribed price, such price shall apply;
- where there is no such government prescribed price, the price shall fall within the band of government guidance price;
- where there is no such government guidance price, the price will be determined with reference to the prevailing market price of the same or similar services offered by independent third party vendors from time to time. In order to ensure that the prices are fair and reasonable and in line with the prevailing market, the Group will obtain quotations from independent third parties providing the same or similar services. Such quotations will be compared against the quotations from the Parent Group and the Group will only accept the Parent Group's quotations if they are not less favourable to the Group.

The term of the acceptance of comprehensive services framework agreement is three years commencing on 1 January 2023, renewable at the option of the Company by giving three months' notice prior to the expiry of the agreement.

The actual comprehensive services provided by the Parent Group for the year ended 31 December 2024 was RMB45.19 million.



### *Financial services framework agreement*

On 19 October 2022, Shanghai Electric Group Finance Company Limited ("Finance Company"), a subsidiary of the Company, entered into financial services framework agreement with SEGC, pursuant to which Finance Company provides deposit services, loan and bill discounting services and intermediary business services to the Parent Group.

The financial services framework agreement was entered into in the ordinary course of business of the Group and is on normal commercial terms. The term of the agreement is three years commencing on 1 January 2023, renewable at the option of Finance Company by giving three months' notice prior to the expiry of the agreement.

#### *(i) Deposit services*

Pursuant to the financial services framework agreement, Finance Company provides deposit services for the Parent Group. For the years ended 31 December 2023, 2024 and 2025, the approved annual caps of maximum daily balance of deposits (including interests) from the Parent Group is RMB15,000,000,000, RMB15,000,000,000 and RMB15,000,000,000.

The interest rates offered by Finance Company for the deposits placed by the Parent Group shall be:

- subject to the relevant guidelines and regulations of the People's Bank of China ("PBOC"); and
- set with reference to the relevant savings rates set by PBOC from time to time as well as the rates set by the major

commercial banks in the PRC.

The actual daily balance of deposits (including interests) from the Parent Group for the year ended 31 December 2024 did not exceed the approved annual cap of RMB15,000,000,000. Besides, the Parent Group received interest income of RMB87.84 million for the deposits from Finance Company for the year ended 31 December 2024.

#### *(ii) Loan and bill discounting services*

Pursuant to the financial services framework agreement, Finance Company provides the Parent Group with loan and bill discounting business. For the years ended 31 December 2023, 2024 and 2025, the approved annual caps of maximum daily balance of outstanding loans and bill discounting of the Parent Group (including interests) is RMB15,000,000,000, RMB15,000,000,000 and RMB15,000,000,000.

Interest rates set by Finance Company for all loan and bill discounting services provided to the Parent Group shall be:

- subject to the relevant guidelines and regulations of the PBOC; and
- determined based on the loan prime rate announced by the National Inter-bank Funding Center.

The actual daily balance of outstanding loans and bill discounting of the Parent Group (including interests) in the year ended 31 December 2024 did not exceed the approved annual cap of RMB15,000,000,000. Besides, the Parent Group paid interest of RMB352.86 million, which

was derived from loans and discounted bills, to Finance Company for the year ended 31 December 2024.

(iii) intermediary business services

Pursuant to the financial services framework agreement, Finance Company provides the Parent Group with intermediary business services, including but not limited to agency business, foreign exchange business, bill acceptance business, online clearing business, consulting business, etc. For the years ended 31 December 2023, 2024 and 2025, the approved annual caps of intermediary business services fee from the Parent Group (including interests) is RMB20,000,000, RMB20,000,000 and RMB20,000,000.

The handling fees set by Finance Company for intermediary business services provided to the Parent Group shall be:

- subject to the relevant guidelines and regulations of the PBOC, China Banking and Insurance Regulatory Commission and National Development and Reform Commission of the People's Republic of China; and
- with reference to the normal commercial market rates and/or the rates charged by three third party financial institutions for similar intermediary business for the same period.

The intermediary business services fee charged by Finance Company to the Parent Group for the year ended 31 December 2024 was RMB2.98 million.

### *MESMEE Purchase Framework Agreement*

Mitsubishi Electric Corporation ("Mitsubishi Electric") holds more than 10% of the equity interest in Shanghai Mitsubishi Elevator Co., Ltd. ("SMEC"), a subsidiary of the Company. Mitsubishi Electric Shanghai Mechanical & Electrical Elevator Co., Ltd. ("MESMEE") is held as to 40% by Shanghai Mechanical & Electrical Industry Co., Ltd., a 48.81% owned subsidiary of the Company, 40% by Mitsubishi Electric and 20% by Mitsubishi Electric Building Techno-service Co., Ltd., a wholly-owned subsidiary of Mitsubishi Electric.

SMEC entered into the MESMEE Purchase Framework Agreement with MESMEE on 19 October 2022. Pursuant to the agreement, the annual caps of the purchases for the years ended 31 December 2023, 2024 and 2025 is RMB3,000,000,000, RMB3,000,000,000 and RMB3,000,000,000.

The price of products purchased from MESMEE is





determined based on arm's length commercial negotiations in accordance with general principles of fairness and reasonableness with reference to the market price and the historical transaction price by taking into account the actual or reasonable cost (whichever is lower) incurred thereof plus a reasonable profit margin.

The term of the agreement is three years commencing on 1 January 2023.

The actual purchases from MESMEE by SMEC for the year ended 31 December 2024 was RMB1,678.12 million.

Pursuant to Rule 14A.55 and Rule 14A.71(6)(a) of the Hong Kong Listing Rules, the continuing connected transactions set out above have been reviewed by the independent non-executive directors, who confirmed that the aforesaid continuing connected transactions were entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on better; and (c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 and 14A.71(6)(b) of the Hong Kong

Listing Rules, the Board of Directors engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter to confirmed the matters set out in Rule 14A.56. of the Hong Kong Listing Rules in respect of the above continuing connected transactions.

### Significant Related Party Transactions

The Company confirms that it has complied with the requirements in accordance with Chapter 14A of the Hong Kong Listing Rules in respect of the above connected transactions. Save as disclosed above, significant related party transactions which do not constitute the connected transactions under the Hong Kong Listing Rules during the year have been disclosed in note 10 to the annual financial statements prepared in accordance with the PRC Accounting Standard for Business Enterprises.



## Other Major Events

### Pledge and Pledge Release of Shares of the Company by Controlling Shareholder

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

SEGC completed the offering of 2024 Non-Public Issuance of Exchangeable Corporate Bonds to Professional Investors (Phase I) (the "24 Electric EB") using the A shares of the Company held by SEGC and its yields as the exchange objects on 27 March 2024, and completed registration procedures for the share pledge of 1,710,000,000 A shares of the Company on 15 March 2024. 24 Electric EB was fully exchanged by 19 November 2024, with a total of 1,041,666,528 shares exchanged, and was early delisted on 29 November 2024. In view of the completion of exchange and early delisting of the exchangeable bonds, SEGC completed the procedures for the pledge release of 668,333,472 unrestricted shares in the pledge special account at the China Securities Depository and Clearing Corporation Limited Shanghai Branch on 12 December 2024.

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

Based on the actual situation of the Company, it was proposed to change the domicile of the Company from "30/F, Maxdo Center, No.8 Xingyi Road, Shanghai" to "No. 16 Lane 1100, Huashan Road, Shanghai" and amendments to the relevant article of the articles of association of the Company. The change of domicile and the proposed amendments to the articles of association was approved at the 2023 annual general meeting of the Company.

### Material Arbitrations in Relation to the Sasan Project in India

In June 2008, the Company and Reliance Infra Projects (UK) Limited (the "Reliance UK"), entered into the Equipment Supply and Service Contract (the "Contract") with a contracted amount of USD1,311,000,000, pursuant to which, the Company (as the supplier) shall provide major equipment and relevant services for the project of Sasan 6\*660MW Ultra Large Supercritical Coal-fired Power Station in India, Reliance Infrastructure Limited (the "Reliance") issued the letter of guarantee for the payment obligations of Reliance UK under the Contract, and Sasan Power Limited (the "Sasan Power") owned and operated the power station. Since Reliance UK still failed to pay for the equipment purchased and other relevant payables to the Company after the project commenced commercial operation for several years, the Company filed to the Singapore International Arbitration Centre ("SIAC") for arbitration in December 2019, requiring Reliance to pay for equipment purchased and other relevant payables in the amount of at least USD135,320,728.42 to the Company as agreed in the letter of guarantee issued by Reliance for Reliance UK (the "First Arbitration"). In December 2021, the Company received a notice of acceptance for an arbitration brought by Reliance UK against the Company issued by the SIAC, pursuant to which Reliance UK requested the Company to compensate for its losses of approximately USD388.75 million related to the contract. Reliance UK also believed that the letter of performance guarantee was unreasonably released and requested the Company to issue a letter of performance guarantee in the amount of approximately USD120.175 million to guarantee its claims. In December 2022, the Company received the award issued by SIAC for the First Arbitration, which ordered Reliance to pay the Company the sum of USD146,309,239.27. In May 2023, the Company received a notice from the Singapore International Commercial Court ("SICC")

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

### Litigations in Relation to SINOMECH

The Company provided loans totaling RMB1 billion to SINOMECH Engineering Group Co., Ltd. (中國能源工程集團有限公司) ("SINOMECH") in 2019 and 2020, and thereafter SINOMECH repaid the principal amount of RMB1 million and a portion of the interests. Upon the maturity and collections, both SINOMECH and the Guarantor have failed to fulfill their contractual obligations as agreed. The Company formally filed lawsuit with the Shanghai Financial Court (上海金融法院) and requested for order for SINOMECH shall repay the principal amount of the loan together with interest, penalty and compound interest; the Company is entitled to be repaid SINOMECH's debt to the Company on a preferential basis by way of discounting, auction or sales of the relevant equity interest of SINOMECH pledged by Shanghai Zhongyou Guodian Energy Co., Ltd. (上海中油國電能源有限公司) and Shanghai Changtai Electric Co., Ltd. (上海昌泰電氣有限公司); China Pufa Machinery Industry Co., Ltd. (中國浦發機械工業股份有限公司) ("Pufa Machinery") and Zhongji Guoneng Engineering Co., Ltd. (中機國能工程有限公司) shall be jointly and severally liable for the relevant SINOMECH's debt; the defendants shall bear the litigation costs, legal fees and other expenses for realizing the creditor's rights. On 29 September 2024, the Company entered into the settlement agreement with Pufa Machinery and its wholly-owned subsidiary Shanghai Pujin Enterprise Development Co., Ltd. (上海浦進企業發展有限公司).

### Litigations in Relation to SECT

Shanghai Electric Communication Technology Co., Ltd. (上海電氣通訊技術有限公司) ("SECT"), a controlled subsidiary of the Company, filed petitions to the court in 2021, to request Beijing Capital Group Co., Ltd (北京首都創業集團有限公司) ("Capital

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

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

SECT filed petitions to the court in 2021, to request Fortune Industrial Corp. (富申實業公司) ("Fortune Industrial") to settle the payment for goods in a total amount of approximately RMB787,956.2 thousand and the damages for breach of contract. In November 2021, Fortune Industrial sued SECT for the return of the advance and payments for goods in a total amount of approximately RMB97,741.8 thousand. During the period from May to June 2022, Shanghai Yangpu District People's Court (上海市楊浦區人民法院) ruled that the cases regarding SECT suing Fortune Industrial were stayed. In July 2022, SECT received the civil ruling issued by Shanghai Yangpu District People's Court on the cases of Fortune Industrial suing SECT. The court held that after review, the cases should be based on the outcomes of other cases, which had not been concluded yet, and ruled that the cases are stayed.



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

Jiangsu Zhongli Group Co., Ltd. (江蘇中利集團股份有限公司) ("Jiangsu Zhongli") brought a claim against SECT to request payment for goods, the corresponding interest and attorney's fee for litigation in a total amount of approximately RMB545,075.7 thousand in 2021. In July 2022, SECT received notice of response, civil complaint and civil ruling and other materials from Shanghai Yangpu District People's Court. Jiangsu Zhongli applied for withdrawal of the lawsuits and re-litigated against SECT for payment for goods, the corresponding interest and attorney's fee for litigation in a total amount of approximately RMB544,348 thousand. Shanghai Yangpu District People's Court (上海市楊浦區人民法院), after consideration and review, held that as the cases had to be based on the outcomes of other case, and as the other case had not yet been concluded, the cases met the circumstances for statutory stay of litigation and ruled that the cases were stayed. relevant SINOMEC's debt; the defendants shall bear the litigation costs, legal fees and other expenses for realizing the creditor's rights. The Company received the Notice of Acceptance (受理通知書) indicating that the cases have been filed by the court in September 2023.



## Significant Events After the Reporting Period

### Participation of Shareholder Holding More than 5% of the Shares in Exchange for Securities Investment Fund

Shanghai State-owned Capital Investment Co., Ltd. ("SSCI") cumulatively exchanged 77,899,000 A shares which are the Company's tradable shares not subject to any restrictions of sale for shares in CSI Shanghai State-owned Exchange Traded Index-based Investment Fund, accounting for 0.50% of the total share capital of the Company from 24 January 2025 to 7 February 19, 2025. The shareholding percentage of SSCI decreased from 5.04% to 4.54% of the total share capital of the Company.

## Appointment, Removal and Remuneration of Auditors

Unit: million; Currency: RMB

Currently appointed	
Name of the PRC auditor	Ernst & Young Hua Ming LLP
Remuneration of the PRC auditor	20.59
Number of years of audited by PRC auditors	1
Currently appointed	
Name of auditor for Internal controls review	Ernst & Young Hua Ming LLP
Remuneration of auditor for Internal controls review	3.98

The extraordinary general meeting of the Company held on 21 October 2024 approved the resolution of appointment of Ernst & Young Hua Ming LLP as the Company's auditor for the year of 2024. PricewaterhouseCoopers Zhong Tian LLP, the Company's auditor for the year of 2023, has confirmed that there are no matters that need to be brought to the attention of the Shareholders of the Company.

Save as disclosed above, there was no change of auditors of the Company during the last three years.

# AUDITOR'S REPORT

## To the Shareholders of Shanghai Electric Group Co., Ltd.,

### I. Opinion

We have audited the accompanying financial statements of Shanghai Electric Group Co., Ltd., which comprise:

- the consolidated and company balance sheets as at 31 December 2024;
- the consolidated and company income statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended;
- the consolidated and company cash flow statements for the year then ended; and
- notes to the financial statements.

In our opinion, the accompanying financial statements of Shanghai Electric Group Co., Ltd. present fairly, in all material respects, the consolidated and company's financial position of Shanghai Electric Group as at 31 December 2024, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

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### II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Shanghai Electric Group Co., Ltd. in accordance with China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including those in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to the assessed risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue recognition relating to sale of goods, construction service, and provision for onerous contracts</b></p> <p>In 2024, the consolidated revenue of Shanghai Electric Group Co., Ltd. and its subsidiaries (hereinafter referred to as "Shanghai Electric Group") was RMB 116,186,116 thousand, of which approximately 76.75% was resulted from sales of goods and approximately 7.50% was resulted from construction services. In 2024, the amount of provision for onerous contracts charged to the income statement was RMB 883,731 thousand.</p> <p>When the customers gain control over the relevant goods or services, Shanghai Electric Group recognises revenue in accordance with the amount of consideration which it expects to be entitled to receive.</p> <p>We focused on revenue recognition relating to sales of goods, construction services and provision for onerous contracts and identified these as key audit matters based on the following reasons:</p> <p>Revenue is one of the key performance indicators of Shanghai Electric Group. Whether revenue is properly recognised and recorded in the correct accounting period has a significant impact on the financial statements.</p>	<p>For the recognition of revenue from sale of goods, our audit procedures mainly include:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding and evaluating the design of internal control related to revenue arising from sales of goods and testing the operating effectiveness of the key controls;</li> <li>• obtaining an understanding of the revenue recognition policy for sales of goods, analysing and evaluating whether the point of time when control transfers was consistent with the relevant accounting policies in CASs by inspecting key sales contracts on a sampling basis to check key terms;</li> <li>• performing test of details on a sampling basis, checking the supporting documents related to recognition of revenue from sale of goods, including sales contracts, orders, goods transportation documents, customer receipts, sales invoices, etc.;</li> <li>• performing analytical review procedures to analyse the reasonableness of changes in revenue from sales of goods and gross profit margin;</li> <li>• performing cut-off test to evaluate whether revenue was recorded in the appropriate accounting period;</li> <li>• selecting a specific criterion of revenue recognition journal entries to perform the journal entry test on revenue from sales of goods; and</li> <li>• reviewing the relevant disclosures of revenue from sale of goods in the financial statements.</li> </ul> <p>For revenue from construction services and provision for onerous contracts, our audit procedures mainly include:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of the design of internal control related to recognition of revenue from construction services and provision for onerous contracts, and testing the operating effectiveness of key internal controls;</li> </ul>

## Key Audit Matter

## How our audit addressed the Key Audit Matter

**Revenue recognition relating to sale of goods, construction service, and provision for onerous contracts (cont'd)**

Revenue recognition relating to construction services and provision for onerous contracts involves significant estimations and judgements made by the management. Shanghai Electric Group adopted the percentage of completion method to account for the revenue from construction services.

Meanwhile, management of Shanghai Electric Group assessed whether the unavoidable contracts costs to fulfil contractual obligations exceeded the economic benefits expected to be received at balance sheet date, and made provision for the onerous contracts based on the estimated minimum net cost of exiting from the contracts, including existing or potential unpredictable expenditures to be incurred before completion or delivery. The estimations were subject to high degree of uncertainty and subjectivity.

For disclosure of recognition of revenue from sales of goods, construction services and provision for onerous contracts, refer to Note 3 (22), Note 3 (23), Note 3 (34(2)), Note 5 (44) and Note 5 (58) to the financial statements.

- obtaining the revenue and cost statement prepared by management for construction services and the list of provisions for onerous contract, reconciling the total amount to the revenue and cost subledger, and checking the accuracy of revenue and cost statement for construction services and the calculation of provisions for onerous contracts;
- checking construction contracts on a sampling basis and discussing with management to review the reasonableness of the calculation and estimation of total contract revenue;
- performing the following key procedures on a sampling basis for the estimated total cost of construction contracts and the estimated total cost of onerous contracts:
  - (1) checking the constituent elements of estimated contract cost against supporting documents such as procurement contracts to identify any omitted cost; (2) discussing and checking relevant supporting documents with the project engineer to assess the reasonableness of the estimated total contract cost; (3) comparing the estimated total contract cost with the constituent elements of actual cost of similar completed projects to assess the reasonableness of the estimated total cost; (4) comparing and analysing the actual total costs of completed projects to management's prior estimation of estimated total contract cost to assess management's historical estimation accuracy.
- for actual costs incurred, checking the related supporting documents, including the contracts, invoices, equipment acceptance documents, progress confirmation slips, etc. on a sampling basis, and checking the actual construction costs recognised before and after the balance sheet date against the supporting documents, including the equipment acceptance documents, progress confirmation slips, etc., to assess whether the actual costs incurred were recognised in the correct reporting periods;
- recalculating the percentage of completion and the estimated gross profit recognised in the current period to assess the accuracy of revenue recognition relating to construction services and provision for onerous contracts; and
- reviewing the relevant disclosure of revenue from construction services in the financial statements.



## Key Audit Matter

## How our audit addressed the Key Audit Matter

### **Expected credit losses on trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers**

As at 31 December 2024, the net carrying amount of Shanghai Electric Group's trade acceptance notes receivable was RMB 1,280,654 thousand, after netting off the provision for impairment of RMB 791,829 thousand. The net carrying amount of accounts receivable as at the same date was RMB 37,547,437 thousand, after netting off the provision for impairment of RMB 17,649,203 thousand. The net carrying amount of contract assets as at the same date was RMB 35,644,204 thousand, after netting off the provision for impairment of RMB 1,603,904 thousand.

Shanghai Electric Group provided for impairment of trade acceptance notes receivable, accounts receivable and contract assets based on the expected credit losses ("ECLs") during lifetime.

For trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics, Shanghai Electric Group evaluated the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, operating model, current situations and forecasts of future conditions of contract counterparties under different situations, taking into account the professional legal advice from external lawyers and the asset preservation related to the litigation, and made corresponding provision for ECLs according to ECLs rate and the related probability weight under different scenarios.

Obtaining an understanding of management's internal control in relation to the impairment provision of trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers, and testing the operating effectiveness of key controls

Evaluating the reliability of management's estimates regarding the provision for impairment, by comparing the actual write-offs and losses of trade acceptance notes receivable, accounts receivable, contract assets and finance lease receivables and sale-leaseback receivables with the credit impairment provisions made in previous years.

We also performed the following key procedures on provisions made for ECLs of trade acceptance notes receivable, accounts receivable and contract assets:

- for ECLs of trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics:
  - evaluating management's judgement on the significantly different credit risk characteristics of trade acceptance notes receivable, accounts receivable and contractual assets;
  - obtaining the expected cash flow distribution prepared by management based on operating model for contract counterparties under different situations, and examining the accuracy of the classification of these counterparties on a sample basis;

## Key Audit Matter

## How our audit addressed the Key Audit Matter

**Expected credit losses on trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers (cont'd)**

Except for the trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics or individual financial assets for which the ECLs cannot be estimated at a reasonable cost, Shanghai Electric Group classified accounts receivable into portfolios in accordance with credit risk characteristics and measured the ECLs based on portfolios. For the trade acceptance notes receivable, accounts receivable and contract assets in portfolios, Shanghai Electric Group prepared the model which refers to the days overdue and ECL rates during lifetime based on the historical experience of credit losses, combining with the current situation and forecast of economic situation in the future, in order to measure the ECLs.

- evaluating the rationality of management's assumptions of expected cash flow distribution based on operating model, and ECL rates and related probability weight under different scenarios according to historical credit loss experience of contract counterparties, statistics from third parties, open market disclosures, the latest developments in litigations provided by external lawyers and the asset preservation related to the litigation, etc.;
  - evaluating the appropriateness of the economic indicators, economic scenarios and weights selected by management, with the assistance of internal specialists, and checking the relevant economic indicators against external public data; and
  - recalculating the ECLs based on the ECL percentage adjusted considering forward-looking information.
- for provisions made by portfolios for ECLs by management:

## Key Audit Matter

## How our audit addressed the Key Audit Matter

**Expected credit losses on trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers (cont'd)**

As at 31 December 2024, the net carrying amounts of loans and advances to customers and finance lease receivables and sale-leaseback receivables of Shanghai Electric Group were RMB 8,694,998 thousand and RMB 2,429,469 thousand, respectively, after netting off provision for impairment of RMB 340,287 thousand and RMB 1,735,108 thousand, respectively.

Shanghai Electric Group used a three-stage impairment model to calculate ECLs by assessing if the credit risk has significantly increased since initial recognition for finance lease receivables and sale-leaseback receivables, and loans and advances to customers. For the finance lease receivables and sale-leaseback receivables, and loans and advances to customers with occurrence of credit impairment, and other finance lease receivables and sale-leaseback receivables, and loans and advances to customers subject to separate assessment for impairment provision, ECLs were recognised individually. For the finance lease receivables and sale-leaseback receivables, and loans and advances to customers without occurrence of credit impairment or individual financial assets for which ECL cannot be estimated at a reasonable cost, Shanghai Electric Group classified finance lease receivables and sale-leaseback receivables, and loans and advances to customers into portfolios in accordance with credit risk characteristics and measured the ECLs based on portfolios.

- evaluating the reasonableness of trade acceptance notes receivable, account receivable and contract asset portfolio division and the measurement method of the ECL model;
- testing on a sample basis the accuracy of the historical credit loss data used in the model to assess the rate of historical default loss;
- evaluating the appropriateness of the economic indicators, economic scenarios and weights selected by management, with the assistance of internal specialists, and checking the relevant economic indicators against external public data;
- testing the accuracy of the ageing of trade acceptance notes receivable, accounts receivable and contract assets on a sample basis; and
- recalculating the ECLs based on the ECL percentage adjusted considering forward-looking information.

For ECLs of finance lease receivables and sale-leaseback receivables, and loans and advances to customers, we also performed the following key procedures:

- evaluating the appropriateness of the measurement methods adopted in the ECL models, and evaluating the reasonableness of the portfolio division of assets, selection of the models, and the key parameters involved in the significant judgements and assumptions;

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Expected credit losses on trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers (cont'd)</b></p>	
<p>The major management judgements and assumptions adopted in the measurement of ECL mainly include:</p>	<ul style="list-style-type: none"> <li>• based on the financial and non-financial information of borrowers and other external evidence and considerations, assessing on a sampling basis the reasonableness of the classification of the stages;</li> </ul>
<ol style="list-style-type: none"> <li>(1) classifying businesses with similar credit risk characteristics into the same portfolio and selecting the appropriate measurement model;</li> <li>(2) establishing criteria for identifying significant increase of credit risk and occurrence of credit impairment;</li> <li>(3) determining appropriate economic indicators used in forward-looking parameters, expected cash flow distribution of counterparties in different situations, as well as ECL rates and probability weight under different scenarios; and</li> <li>(4) establishing future cash flow forecasts for separate assessments of the receivables with significantly different credit risk characteristics.</li> </ol>	<ul style="list-style-type: none"> <li>• inspecting the accuracy of key data used in the ECL model on a sampling basis, including the historical data and the measurement date data. For the finance lease receivables and sale-leaseback receivables, and loans and advances to customers classified in Stage 3, inspected and evaluated the reasonableness of the discounted cash flow models used by management for provision of ECLs and future cash flow forecasts on a sampling basis;</li> <li>• evaluating the appropriateness of the economic indicators, economic scenarios and weights selected by management, with the assistance of internal specialists, and checking the relevant economic indicators against external public data; and</li> <li>• recalculating the ECLs based on the loss given default adjusted considering forward-looking information.</li> </ul> <p>Reviewing relevant disclosures of the ECLs related to trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances in the financial statement.</p>
<p>We considered the estimation of ECLs of trade acceptance notes receivable, accounts receivable, contract assets, finance lease receivables and sale-leaseback receivables, and loans and advances to customers as a key audit matter since the estimation is subject to high degree of uncertainty and subjectivity, as well as significant managerial judgements and assumptions.</p>	
<p>Refer to Note 3 (9), Note 3 (34), Note 5 (5), Note 5 (6), Note 5 (12), Note 5 (15) and Note 5 (18(1)) to the financial statements.</p>	



## IV. OTHER INFORMATION

Management of Shanghai Electric Group Co., Ltd. is responsible for other information. The other information comprises all the information included in the annual report other than the financial statements and our auditor's report thereon.

Our audit opinion on financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In conjunction with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management of Shanghai Electric Group is responsible for the preparation and fair presentation of these financial statements in accordance with CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern of Shanghai Electric Group Co., Ltd., disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate Shanghai Electric Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Shanghai Electric Group Co., Ltd.

## VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on Shanghai Electric Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Shanghai Electric Group to cease to continue as a going concern.
- Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain enough appropriate audit evidence regarding the financial information of the entities or business activities within Shanghai Electric Group Co., Ltd. to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Ernst & Young Hua Ming LLP

Signing CPA

\_\_\_\_\_  
Meng Dong  
(Engagement Partner)

Beijing, the People's Republic of China  
28 March 2025

Signing CPA

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Liu Qian

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2024

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

ASSETS	Note 5	31 December 2024	31 December 2023 (Restated)
<b>Current assets</b>			
Cash at bank and on hand	1	32,569,013	30,252,380
Clearing settlement funds		1,134	5,804
Placements with banks and other financial institutions	2	26,207,572	18,054,967
Financial assets held for trading	3	7,779,560	7,492,363
Derivative financial assets	4	520	12,798
Notes receivable	5	3,169,750	3,995,445
Accounts receivable	6	37,547,437	40,477,926
Receivables financing	7	1,091,996	1,354,944
Prepayments	8	11,236,621	9,511,724
Other receivables	9	5,047,036	5,984,167
Financial assets purchased under resale agreements	10	2,905,106	1,135,620
Inventories	11	34,549,775	32,423,705
Contract assets	12	21,275,139	21,913,397
Current portion of non-current assets	13	1,551,044	1,976,785
Other current assets	14	18,857,078	17,322,203
<b>Total current assets</b>		<b>203,788,781</b>	<b>191,914,228</b>
<b>Non-current assets</b>			
Loans and advances to customers	15	8,694,998	7,370,067
Debt investments	16	152,331	152,570
Other debt investments	17	368,431	-
Long-term receivables	18	2,332,623	3,067,193
Long-term equity investments	19	13,816,638	13,812,294
Other non-current financial assets	20	6,435,416	7,339,112
Investment properties	21	1,043,169	608,798
Fixed assets	22	20,896,633	20,427,312
Construction in progress	23	3,777,699	1,934,072
Right-of-use assets	24	1,890,038	1,410,284
Intangible assets	25	12,020,517	12,256,813
Development expenditures	26	29,882	31,661
Goodwill	27	2,920,760	3,244,929
Long-term prepaid expenses	28	473,404	504,145
Deferred tax assets	29	8,690,212	8,300,768
Other non-current assets	30	15,173,456	13,790,754
<b>Total non-current assets</b>		<b>98,716,207</b>	<b>94,250,772</b>
<b>TOTAL ASSETS</b>		<b>302,504,988</b>	<b>286,165,000</b>



# CONSOLIDATED BALANCE SHEET (CONT'D)

AS AT 31 DECEMBER 2024

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 5	31 December 2024	31 December 2023 (Restated)
<b>Current liabilities</b>			
Short-term borrowings	33	9,548,227	8,272,416
Financial liabilities held for trading	34	38,531	34,435
Derivative financial liabilities	4	25,507	3,425
Notes payable	35	15,124,080	12,074,199
Accounts payable	36	60,569,875	59,610,479
Advances from customers	37	833,268	859,959
Contract liabilities	38	57,928,502	44,207,113
Proceeds from financial assets sold under repurchase agreements		-	1,000,000
Deposits from customers, banks and other financial institutions	39	7,333,529	7,240,915
Employee benefits payable	40	5,256,409	5,381,661
Taxes payable	41	2,473,766	2,466,140
Other payables	42	9,704,410	8,144,548
Current portion of non-current liabilities	43	10,188,235	6,898,720
Other current liabilities	44	11,467,275	11,501,165
<b>Total current liabilities</b>		<b>190,491,614</b>	<b>167,695,175</b>
<b>Non-current liabilities</b>			
Long-term borrowings	45	27,682,117	30,893,868
Bonds payable	46	-	749,300
Lease liabilities	47	1,463,726	1,150,996
Long-term payables	48	535,827	561,953
Long-term employee benefits payable	49	180,065	187,568
Provisions	44	2,832,979	3,028,758
Deferred income	50	1,210,875	1,333,337
Deferred tax liabilities	29	714,141	614,502
Other non-current liabilities	51	13,325	95,064
<b>Total non-current liabilities</b>		<b>34,633,055</b>	<b>38,615,346</b>
<b>Total liabilities</b>		<b>225,124,669</b>	<b>206,310,521</b>
<b>Shareholders' equity</b>			
Share capital	52	15,579,809	15,579,809
Capital surplus	53	18,727,393	21,833,681
Other comprehensive income	54	71,417	21,601
Special reserve	55	123,825	134,056
Surplus reserve	56	5,963,972	5,907,024
Retained earnings	57	12,723,500	12,249,556
<b>Total equity attributable to shareholders of the parent company</b>		<b>53,189,916</b>	<b>55,725,727</b>
<b>Minority interests</b>		<b>24,190,403</b>	<b>24,128,752</b>
<b>Total shareholders' equity</b>		<b>77,380,319</b>	<b>79,854,479</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>302,504,988</b>	<b>286,165,000</b>

The accompanying notes form an integral part of these financial statements.

Legal representative:Wu Lei

Principal in charge of accounting:Fu Min

Head of accounting department:Li Chuan

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

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

Item	Note 5	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
<b>Total revenue</b>		116,186,116	114,797,077
Including: Revenue	58	115,456,181	114,218,209
Interest income		726,357	576,469
Fee and commission income		3,578	2,399
<b>Less: Total operating costs</b>		112,369,793	112,573,284
Including: Operating cost	58	94,525,076	94,528,637
Interest costs		98,265	86,519
Fee and commission expenses		836	719
Taxes and surcharges	59	662,319	707,023
Selling and distribution expenses	60	2,900,659	2,798,415
General and administrative expenses	61	7,963,777	8,001,851
Research and development expenses	62	5,664,514	5,369,294
Financial expenses	63	554,347	1,080,826
Including: Interest expenses		1,561,315	1,832,613
Interest income		1,005,414	643,335
Add: Other income	64	1,414,214	1,474,030
Investment income	65	2,155,442	3,091,276
Including: Share of profit of associates and joint ventures	65	1,331,529	1,549,351
Gains/(Losses) arising from derecognition of financial assets measured at amortised cost		4,645	(22,034)
Exchange gains		9,238	9,076
Losses on changes in fair value	66	(463,561)	(314,787)
Losses on credit impairment	67	(1,065,240)	(1,182,059)
Asset impairment losses	68	(2,199,009)	(2,275,011)
Gains on disposal of assets	69	34,377	847,003
<b>Operating profit</b>		3,701,784	3,873,321
Add: Non-operating income	70	171,234	142,280
Less: Non-operating expenses	71	133,273	202,601
<b>Total profit</b>		3,739,745	3,813,000
Less: Income tax expenses	73	1,044,335	1,139,883
<b>Net profit</b>		2,695,410	2,673,117
Including: Net profit of entity being absorbed before a business combination involving entities under common control		299,884	518,190

# CONSOLIDATED INCOME STATEMENT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Note 5	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Classified by continuity of operations			
Profit from continuing operations		2,695,410	2,673,117
Classified by ownership			
Attributable to shareholders of the parent company		752,480	803,346
Minority interests		1,942,930	1,869,771
<b>Other comprehensive income, net of tax</b>	54	43,964	48,750
Attributable to shareholders of the parent company		49,816	46,492
Other comprehensive income that will not be subsequently reclassified to profit or loss		(4,199)	(2,488)
Changes arising from remeasurement of net liability or net asset of defined benefit plan		(4,199)	(2,488)
Other comprehensive income that will be subsequently reclassified to profit or loss		54,015	48,980
Changes in fair value of other debt investments		60,909	185
Provision for credit impairment of other debt investments and receivables financing		333	(12,903)
Cash flow hedge reserve		(195)	(931)
Differences on translation of foreign currency financial statements		(9,624)	62,629
Others		2,592	-
Attributable to minority shareholders	54	(5,852)	2,258
<b>Total comprehensive income</b>		2,739,374	2,721,867
Including:			
Attributable to shareholders of the parent company		802,296	849,838
Attributable to minority shareholders		1,937,078	1,872,029
<b>Earnings per share</b>	74		
Basic earnings per share (RMB Yuan)		0.048	0.052
Diluted earnings per share (RMB Yuan)		0.048	0.052

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

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

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to shareholders of the parent company							Minority interests	Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
<b>Balance at end of prior year</b>	15,579,809	19,476,900	21,601	134,056	5,906,524	11,678,998	52,797,888	24,128,752	76,926,640
Business combination involving entities under common control	-	2,356,781	-	-	500	570,558	2,927,839	-	2,927,839
<b>Balance at beginning of year</b>	15,579,809	21,833,681	21,601	134,056	5,907,024	12,249,556	55,725,727	24,128,752	79,854,479
<b>Changes for the year</b>									
Changes for the year	-	-	49,816	-	-	752,480	802,296	1,937,078	2,739,374
Capital contribution and withdrawal by shareholders									
Injection of capital from minority shareholders of subsidiaries	-	-	-	-	-	-	-	16,668	16,668
Addition of subsidiaries	-	-	-	-	-	-	-	159,700	159,700
Disposal of subsidiaries	-	-	-	-	-	-	-	(43,669)	(43,669)
Business combination involving entities under common control	-	(3,082,421)	-	-	-	-	(3,082,421)	-	(3,082,421)
Others	-	(23,867)	-	-	-	-	(23,867)	(80,596)	(104,463)
Profit distribution									
Business combination involving entities under common control	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Distribution to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(1,883,932)	(1,883,932)
Appropriation to staff and workers' bonus and welfare fund	-	-	-	-	-	(21,588)	(21,588)	(51,030)	(72,618)
Provision for general risk of Finance Company	-	-	-	-	56,948	(56,948)	-	-	-
Special reserve									
Increase in the current year	-	-	-	97,997	-	-	97,997	54,943	152,940
Use in the current year	-	-	-	(108,228)	-	-	(108,228)	(47,511)	(155,739)
<b>Balance at end of year</b>	15,579,809	18,727,393	71,417	123,825	5,963,972	12,723,500	53,189,916	24,190,403	77,380,319



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

FOR THE YEAR ENDED 31 DECEMBER 2024

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

**FOR THE YEAR ENDED 31 DECEMBER 2023(RESTATED)**

	Attributable to shareholders of the parent company							Minority interests	Total shareholders' equity
	Share capital	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
<b>Balance at end of prior year</b>	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
Business combination involving entities under common control	-	2,356,781	-	-	500	263,727	2,621,008	-	2,621,008
<b>Balance at beginning of year</b>	15,579,809	24,194,603	(24,891)	143,786	5,907,024	11,682,990	57,483,321	39,331,854	96,815,175
<b>Changes for the year</b>									
Total comprehensive income for the year	-	-	46,492	-	-	803,346	849,838	1,872,029	2,721,867
Capital contribution and withdrawal by shareholders									
Injection of capital from minority shareholders	-	157,368	-	-	-	-	157,368	246,012	403,380
Addition of subsidiaries	-	-	-	-	-	-	-	55,703	55,703
Equity transactions with minority shareholders	-	(2,518,290)	-	-	-	-	(2,518,290)	(7,485,925)	(10,004,215)
Disposal of subsidiaries	-	-	-	-	-	-	-	(28,965)	(28,965)
Capital withdrawal by minority shareholders	-	-	-	-	-	-	-	(8,130,679)	(8,130,679)
Profit distribution									
Distribution to shareholders under common control	-	-	-	-	-	(211,360)	(211,360)	-	(211,360)
Distribution to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(1,659,779)	(1,659,779)
Appropriation to staff and workers' bonus and welfare fund	-	-	-	-	-	(25,420)	(25,420)	(68,910)	(94,330)
Special reserve									
Appropriation in the current year	-	-	-	60,649	-	-	60,649	20,664	81,313
Use in the current year	-	-	-	(70,379)	-	-	(70,379)	(23,252)	(93,631)
<b>Balance at end of year</b>	15,579,809	21,833,681	21,601	134,056	5,907,024	12,249,556	55,725,727	24,128,752	79,854,479

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Note 5	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
<b>Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		140,817,832	127,916,994
Refund of taxes and surcharges		645,670	841,590
Cash received relating to other operating activities	75	4,841,816	6,233,035
Sub-total of cash inflows		146,305,318	134,991,619
Cash paid for goods and services		97,323,396	98,765,876
Cash paid to and on behalf of employees		13,320,572	12,645,702
Payments of taxes and surcharges		4,895,724	4,586,360
Cash paid relating to other operating activities	75	13,127,085	11,232,215
Sub-total of cash outflows		128,666,777	127,230,153
Net cash flows from operating activities	76	17,638,541	7,761,466
<b>Cash flows (used in) / from investing activities</b>			
Cash received from disposal of investments	75	20,560,429	19,383,483
Cash received from returns on investments		1,747,314	1,630,604
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		404,281	1,130,854
Net cash received from disposal of subsidiaries and other business units	76	191,524	1,799,433
Cash received relating to other investing activities	75	204,849	-
Sub-total of cash inflows		23,108,397	23,944,374
Cash paid to acquire fixed assets, intangible assets and other long-term assets		4,403,249	4,228,494
Cash paid to acquire investments	75	21,367,296	16,284,679
Net cash paid to acquire subsidiaries and other business units	76	1,659,824	12,970
Cash paid relating to other investing activities	75	12,103,113	2,733,057
Sub-total of cash outflows		39,533,482	23,259,200
Net cash flows (used in) / from investing activities		(16,425,085)	685,174

# CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Note 5	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
<b>Cash flows used in financing activities</b>			
Cash received from capital contributions		176,368	439,581
Including: Cash received by subsidiaries from capital contributions by minority shareholders		176,368	439,581
Cash received from borrowings		22,941,056	27,188,479
Cash received from bonds		1,500,000	2,000,000
Cash received from other financing activities	75	101,600	-
Sub-total of cash inflows		24,719,024	29,628,060
Cash repayments of borrowings		22,053,243	16,497,121
Cash repayments of bonds		1,500,000	4,500,000
Cash payments for distribution of dividends, profits or interest expenses		3,601,141	3,794,215
Including: Cash payments for dividends or profits to minority shareholders by subsidiaries		1,834,773	1,864,023
Cash paid for acquisition of minority interests		104,463	10,004,215
Cash paid relating to other financing activities	75	891,322	8,769,806
Sub-total of cash outflows		28,150,169	43,565,357
Net cash flows used in financing activities		(3,431,145)	(13,937,297)
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>			
		33,011	65,707
<b>Net decrease in cash and cash equivalents</b>			
Add: Cash and cash equivalents at the beginning of the year	76	38,361,197	43,786,147
<b>Cash and cash equivalents at the end of the year</b>	76	36,176,519	38,361,197

# COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2024

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

ASSETS	Note 15	31 December 2024	31 December 2023
<b>Current assets</b>			
Cash at bank and on hand		19,293,856	20,921,668
Notes receivable	1	356,532	415,157
Accounts receivable	2	5,238,611	10,795,866
Prepayments		11,640,583	8,587,029
Other receivables	3	3,867,843	4,755,655
Inventories		114,613	199,342
Contract assets		2,608,390	2,807,751
Current portion of non-current assets		-	1,837,660
Other current assets		1,050,526	1,656,617
<b>Total current assets</b>		<b>44,170,954</b>	<b>51,976,745</b>
<b>Non-current assets</b>			
Long-term receivables		3,548,759	1,986,667
Long-term equity investments	4	63,187,544	56,443,194
Other non-current financial assets		1,757,303	1,738,119
Investment properties		100,142	108,181
Fixed assets		1,273,172	1,407,575
Construction in progress		67,412	63,070
Right-of-use assets		65,341	58,248
Intangible assets		2,056,200	2,187,161
Long-term prepaid expenses		40,095	12,194
Deferred tax assets		1,908,491	1,953,816
Other non-current assets		6,176,363	6,794,755
<b>Total non-current assets</b>		<b>80,180,822</b>	<b>72,752,980</b>
<b>TOTAL ASSETS</b>		<b>124,351,776</b>	<b>124,729,725</b>



# COMPANY BALANCE SHEET (CONT'D)

AS AT 31 DECEMBER 2024

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Note 15	31 December 2024	31 December 2023
<b>Current liabilities</b>			
Short-term borrowings		4,613,000	3,854,615
Notes payable		1,641,042	926,964
Accounts payable		20,860,642	24,788,757
Advances from customers		-	1,003
Contract liabilities		12,961,216	9,208,854
Employee benefits payable		1,217,975	1,185,300
Taxes payable		191,973	74,377
Other payables		2,492,075	2,055,787
Current portion of non-current liabilities		13,056,565	10,161,910
Other current liabilities		766,477	805,958
<b>Total current liabilities</b>		<b>57,800,965</b>	<b>53,063,525</b>
<b>Non-current liabilities</b>			
Long-term borrowings		27,136,928	33,507,994
Lease liabilities		31,876	38,374
Long-term payables		463,456	122,750
Other non-current liabilities		176,182	157,781
<b>Total non-current liabilities</b>		<b>27,808,442</b>	<b>33,826,899</b>
<b>Total liabilities</b>		<b>85,609,407</b>	<b>86,890,424</b>
<b>Shareholders' equity</b>			
Share capital		15,579,809	15,579,809
Capital surplus	5	20,592,836	20,592,836
Other comprehensive income	6	(30,627)	(30,627)
Surplus reserve	7	2,639,825	2,639,825
Accumulated losses	8	(39,474)	(942,542)
<b>Total shareholders' equity</b>		<b>38,742,369</b>	<b>37,839,301</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>124,351,776</b>	<b>124,729,725</b>

# COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Note 15	For the year ended 31 December 2024	For the year ended 31 December 2023
<b>Revenue</b>	9	15,072,021	21,537,882
Less: Cost of sales	9	14,501,085	20,462,061
Taxes and surcharges		40,736	43,373
Selling expenses		238,051	224,339
General and administrative expenses		1,053,207	1,224,047
Research and development expenses		315,184	283,933
Finance expenses		476,507	1,299,192
Including: Interest expenses		1,104,201	1,718,158
Interest income		602,134	380,754
Add: Other income		36,588	92,294
Investment income	10	2,660,902	1,932,602
Including: Share of profit of associates and joint ventures		341,004	553,583
Losses from changes in fair value		(216,235)	(75,450)
Credit impairment losses		66,150	259,599
Impairment losses of assets		(82,249)	(185,182)
(Loss)/Gain arising from disposal of assets		(3,235)	648,893
<b>Operating profit</b>		909,172	673,693
Add: Non-operating income		39,787	2,001
Less: Non-operating expenses		966	35,941
<b>Profit before income tax</b>		947,993	639,753
Less: Income tax expenses		44,925	355,759
<b>Net profit</b>		903,068	283,994
<b>Total comprehensive income</b>		903,068	283,994

# COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## FOR THE YEAR ENDED 31 DECEMBER 2024

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Accumulated losses	Total shareholders' equity
1. Balance at end of prior year and beginning of year	15,579,809	20,592,836	(30,627)	2,639,825	(942,542)	37,839,301
2. Movements for the year ended 31 December 2024						
(1) Total comprehensive income	-	-	-	-	903,068	903,068
3. Balance at 31 December 2024	15,579,809	20,592,836	(30,627)	2,639,825	(39,474)	38,742,369

## FOR THE YEAR ENDED 31 DECEMBER 2023

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Accumulated losses	Total shareholders' equity
1. Balance at end of prior year and beginning of year	15,579,809	20,592,836	(30,627)	2,639,825	(1,226,536)	37,555,307
2. Movements for the year ended 31 December 2023						
(1) Total comprehensive income	-	-	-	-	283,994	283,994
3. Balance at 31 December 2023	15,579,809	20,592,836	(30,627)	2,639,825	(942,542)	37,839,301

# COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Note15	For the year ended 31 December 2024	For the year ended 31 December 2023
<b>Cash flows from/(used in) operating activities</b>			
Cash received from sales of goods or rendering of services		26,493,936	20,640,041
Refund of taxes and surcharges		3,125	554
Cash received relating to other operating activities		652,812	521,138
Sub-total of cash inflows		27,149,873	21,161,733
Cash paid for goods and services		21,800,622	21,437,558
Cash paid to and on behalf of employees		714,161	644,851
Payments of taxes and surcharges		46,409	87,156
Cash paid relating to other operating activities		720,875	1,212,396
Sub-total of cash outflows		23,282,067	23,381,961
Net cash flows from/(used in) operating activities		3,867,806	(2,220,228)
<b>Cash flows used in investing activities</b>			
Cash received from disposal of investments		43,479	715,201
Cash received from returns on investments		2,745,897	1,950,728
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		290	730,780
Cash received relating to other investing activities		1,400,630	7,933,173
Sub-total of cash inflows		4,190,296	11,329,882
Cash paid to acquire fixed assets, intangible assets and other long-term assets		81,851	69,689
Cash paid to acquire investments		5,412,992	11,702,039
Cash paid relating to other investing activities		434,512	898,068
Sub-total of cash outflows		5,929,355	12,669,796
Net cash flows used in investing activities		(1,739,059)	(1,339,914)

# COMPANY CASH FLOW STATEMENT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Note15	For the year ended 31 December 2024	For the year ended 31 December 2023
<b>Cash flows (used in)/from financing activities</b>			
Cash received from borrowings		20,093,240	29,181,592
Cash received from other financing activities		340,600	-
Sub-total of cash inflows		20,433,840	29,181,592
Cash repayments of borrowings		22,634,862	13,767,162
Cash repayments of bonds		-	2,500,000
Cash payments for distribution of dividends, profits or interest expenses		1,100,765	1,777,630
Cash paid relating to other financing activities		233,630	10,039,732
Sub-total of cash outflows		23,969,257	28,084,524
Net cash flows (used in)/from financing activities		(3,535,417)	1,097,068
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		16,693	39,205
<b>Net decrease in cash and cash equivalents</b>		(1,389,977 )	(2,423,869)
Add: Cash and cash equivalents at the beginning of the year		14,510,841	16,934,710
<b>Cash and cash equivalents at the end of the year</b>		13,120,864	14,510,841



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 1 GENERAL INFORMATION

Shanghai Electric Group Co., Ltd. ("the Company") is a limited company registered in Shanghai of the People's Republic of China. It was established on 1 March 2004 upon the approval of the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government. The RMB ordinary shares (A-shares) and overseas listed foreign shares (H-shares) issued by the Company are listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, respectively. The headquarters of the Company is registered at No. 16, Lane 1100, Huashan Road, Changning District, Shanghai. The registered number of the Company's business license is: 91310000759565082B.

The Company and its subsidiaries (collectively "the Group") operate in manufacturing industry and the actual principal activities include:

- Energy equipment business segment: design, manufacture and sales of nuclear power equipment, energy storage equipment, coal-fired power generation and auxiliary equipment, gas power generation equipment, wind power equipment, hydrogen energy equipment, photovoltaic equipment, high-end chemical equipment; Provision of power grid and industrial intelligent power supply system solutions;
- Industrial equipment business segment: design, manufacture and sales of elevators, large and medium sized electrical motors, intelligent manufacturing equipment, industrial base parts, construction and industrialisation equipment; and
- Integrated service business segment: provision of energy, environmental protection and automation engineering and services, including all kinds of traditional and new energy, comprehensive utilisation of solid waste, sewage treatment, flue gas treatment, rail transit, etc; provision of industrial Internet services; provision of financial services, including financial leasing, factoring, asset management, insurance brokerage, etc; provision of park and property management services based on industrial real estate, etc.

The parent and ultimate holding company of the Group is Shanghai Electric Holdings Group Co., Ltd. ("Electric Holdings").

These financial statements were authorised for issue by the Company's Board of Directors on 28 March 2025.

## 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### (1) Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises - Basic Standard, and the specific accounting standards, interpretations and other relevant regulations issued by the Ministry of Finance in subsequent periods (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "ASBEs"). In addition, these financial statements also disclose relevant financial information in accordance with the Rules No. 15 for the Preparation of Information Disclosure by Companies Offering Securities to the Public - General Provisions on Financial Reports.

Certain related matters in the financial statements have been disclosed in accordance with the requirements of the Hong Kong Companies Ordinance.

### (2) Going concern

The financial statements have been prepared on a going concern basis.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines the specific accounting policies and accounting estimates based on the characteristics of production and operation, which are mainly reflected in the measurement of ECLs of notes receivable, accounts receivable, contract assets, finance lease receivables, and loans and advances to customers (Note 3 (9)), valuation method of inventories (Note 3 (10)), depreciation of fixed assets, amortisation of intangible assets and right-of-use assets (Note 3 (14), Note 3 (17), Note 3 (27)), judgement criteria for capitalisation of expenditure on the development phase (Note 3 (17)), measurement model of investment properties (Note 3 (13)), assessment of goodwill impairment (Note 3 (19)), onerous contracts (Note 3 (22)) and recognition of revenue (Note 3 (23)), etc.

### (1) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Group and the Company as at 31 December 2024, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

### (2) Accounting year

The Group's accounting year starts on 1 January and ends on 31 December.

### (3) Recording currency

The Company's functional and presentation currency is Renminbi ("RMB"). The currency unit is RMB Thousand Yuan unless otherwise stated.

Subsidiaries, joint ventures and associates overseas of the Group determine their recording currencies according to the major economic environment in which they operate. The financial statements are presented in RMB.

### (4) Methods of determining materiality criteria and selection basis

Item	Materiality criteria
Significant accounts receivable and contract asset for which provision for bad debts is made individually	Individually accounts for over 2.0% of the total original value of accounts receivable and contract asset
Significant other receivables for which provision for bad debts is made individually	Individually accounts for over 10% of the total original value of other receivables
Significant construction in progress	An individual construction project accounts for more than 10% of the closing original value of construction in progress and RMB500 million of the closing balance
Goodwill with significant amount	The original value of individual goodwill is more than RMB600 million
Significant non-wholly owned subsidiaries	The investee is a listed company and the absolute value of the non-controlling interests at the end of the period accounts for more than 3.0% of the absolute value of the Group's consolidated shareholders' equity at the end of the period
Significant joint ventures or associates	The carrying amount of long-term equity investments at the end of the period accounts for more than 1% of the Group's consolidated net assets at the end of the period

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (5) Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the entity being absorbed) that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to capital premium under capital reserves. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date. Goodwill is initially recognised and measured at cost, being the excess of the cost of the combination over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the cost of the combination is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If after that reassessment, the cost of the combination is still lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group recognises the remaining difference in profit or loss.

#### (6) Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company). An investor controls an investee if and only if the investor has all the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

If the accounting policies or the accounting period of a subsidiary are different from those of the Company, necessary adjustments are made to the subsidiary's financial statements based on the Company's own accounting policies or accounting period in preparing the consolidated financial statements. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against the non-controlling interests.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (6) Consolidated financial statements(Cont'd)

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

For subsidiaries acquired through business combinations under common control, the financial performance and cash flows of the acquiree shall be consolidated from the beginning of the period in which the combination occurs retrospective adjustments are made to the relevant items in prior period financial statements, as if the combined reporting entity had existed since the date when the ultimate controlling party initially obtained control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

### (7) Cash and cash equivalents

Cash comprises the Group's cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

### (8) Foreign currency transactions and foreign currency translation

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded, on initial recognition in the functional currency using the spot exchange rates prevailing at the dates of transactions, however, capital contributions in foreign currency by investors are recorded using the spot exchange rates prevailing at the dates of transactions. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalised in accordance with the guidance for capitalisation of borrowing costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate on initial recognition, and the amount denominated in the functional currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (8) Foreign currency transactions and foreign currency translation(Cont'd)

For foreign operations, the Group translates their functional currency amounts into RMB when preparing the financial statements as follows: the asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "retained earnings" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements are translated at the spot exchange rates of the transaction dates. The resulting exchange differences are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. If the disposal only involves a portion of a particular foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss on a pro-rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the spot exchange rates prevailing on the dates of cash flows. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

#### (9) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *(a) Recognition and derecognition*

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed the financial asset recognised previously from the Group's balance sheet) when:

- I.the rights to receive cash flows from the financial asset have expired; or
- II.the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (i) has transferred substantially all the risks and rewards of the financial asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets under contracts whose terms require delivery within the time frame generally established by regulation or convention in the marketplace concerned. The trade date is the date that the Group committed to purchase or sell a financial asset.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (9) Financial instruments (Cont'd)

##### *(b) Classification and measurement of financial assets*

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, the Group's financial assets are classified on initial recognition as: financial assets at amortised cost; financial assets at fair value through other comprehensive income; and financial assets at fair value through profit or loss.

The financial assets are measured at fair value upon initial recognition, except for accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the financing components are due within one year and therefore not considered, are initially measured at the transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

The subsequent measurement of financial assets depends on their classification as follows:

Debt investments at amortised cost:

The Group measures financial assets at amortised cost if both of the following conditions are met: The Group's business model for financial asset management aims to receive contractual cash flows, and according to the contractual terms of the financial asset, the cash flow generated at certain dates is only the payment for the principal and corresponding interest based on unpaid principal. The interest income of such financial assets is recognised using the effective interest method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Debt investments at fair value through other comprehensive income:

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (9) Financial instruments (Cont'd)

##### *(b) Classification and measurement of financial assets (Cont'd)*

Equity investments at fair value through other comprehensive income

The Group can elect to classify irrevocably its equity investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (excluding the dividend income explicitly recovered as part of the investment cost) is recognised in profit or loss. Subsequent changes in the fair value are included in other comprehensive income, and no provision for impairment is made. When the financial asset is derecognised, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

Financial assets at fair value through profit or loss

The financial assets other than the above financial assets measured at amortised cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognised in profit or loss except for the derivatives designated as hedging instruments in an effective hedge.

Financial assets are designated at fair value through profit or loss at initial measurement only when accounting mismatches can be eliminated or significantly reduced.

Financial assets designated at fair value through profit or loss at initial recognition cannot be reclassified to other financial assets; other financial assets cannot be redesignated at fair value through profit or loss after initial recognition. Financial assets that are due over one year as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets. Others are included in financial assets held for trading.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (9) Financial instruments (Cont'd)

#### *(c) Classification and measurement of financial liabilities*

Except for financial guarantee contracts and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, the Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, or financial liabilities measured at amortised cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to financial liabilities measured at amortised cost are included in the initial recognition amounts.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative instruments attributable to financial liabilities) and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading (including derivative instruments attributable to financial liabilities) are subsequently measured at fair value. All changes in fair value of such financial liabilities are recognised in profit or loss except for the derivatives designated as hedging instruments in an effective hedge. Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and gains or losses are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income. If gains or losses arising from the Group's own credit risk which are presented in other comprehensive income will lead to or expand accounting mismatch in profit or loss, the Group will include all the changes in fair value (including the amount affected by changes in the Group's own credit risk) of such financial liabilities in profit or loss.

Financial liabilities are designated at fair value through profit or loss at initial measurement only if one of the following conditions is met:

- I. Accounting mismatches can be eliminated or significantly reduced;
- II. The formal written risk management or investment strategy documentation have stated that the portfolio of financial instruments is managed, evaluated and reported to key management personnel on a fair value basis;
- III. Hybrid instruments contain one or more embedded derivatives, unless the embedded derivatives do not significantly change the cash flows of the instrument, or the embedded derivatives cannot be clearly separated from the instrument;
- IV. Hybrid instruments contain the embedded derivatives that need to be separated but cannot be measured separately on acquisition or at the balance sheet date.

Financial liabilities designated at fair value through profit or loss at initial recognition cannot be reclassified to other financial liabilities; other financial liabilities cannot be redesignated at fair value through profit or loss after initial recognition.

Financial liabilities measured at amortised cost

After initial recognition, such financial liabilities are measured at amortised cost using the effective interest method.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (9) Financial instruments (Cont'd)

##### *(d) Impairment of financial instruments*

Loss provision for financial assets at amortised cost, investments in debt instruments at fair value through other comprehensive income, as well as contract assets, finance lease receivables and sale-leaseback receivables, financial guarantee contracts and loan commitments is recognised on the basis of ECL.

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort at the balance sheet date, as well as the default risk weight, the Group recognises the ECL as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

For notes receivable, accounts receivable, receivables financing and contract assets caused by sales of goods, rendering of services and other daily operating activities, no matter whether there exists a significant financing component, the Group measures the loss provision based on the lifetime ECL. For finance lease receivables, the Group measures the loss provision according to the lifetime ECL.

As at each balance sheet date, the ECL of financial instruments at different stages other than aforesaid notes receivable, accounts receivable, receivables financing, contract assets and finance lease receivables is measured respectively. 12-month ECL provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with lower credit risk at the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition, determines them as the financial instruments in Stage 1 and recognises the 12-month ECL provision.

For the financial instruments in Stage 1 and Stage 2, the interest income is calculated based on book balance without deduction of impairment provision and the effective interest rate. For the financial instrument in Stage 3, the interest income is calculated based on amortised cost by using book balance less impairment provision appropriated and the effective interest rate.

For trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics and occurrence of credit impairment, the Group evaluated the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, operating model, current situations and forecasts of future conditions of contract counterparties under different situations, taking into account the professional legal advice from external lawyers and the asset preservation related to the litigation, and made corresponding provision for ECL according to ECL rate and the related probability weight under different scenarios.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (9) Financial instruments (Cont'd)

#### *(d) Impairment of financial instruments (Cont'd)*

The credit risk characteristics of financial assets for which ECL is calculated on an individual basis vary significantly from such other financial assets. Receivables without occurrence of credit impairment or the ECL cannot be estimated for an individual financial asset at a reasonable cost, the Group groups the receivables based on its judgement whether there are significant differences in customers' credit risk characteristics and measures the ECL based on groups. Basis for determining groupings is as follows:

#### Notes receivable

Grouping 1	Bank acceptance notes
Grouping 2	Trade acceptance notes

#### Accounts receivable

Grouping 1	Accounts receivable ageing by industry, using the overdue date as the starting point of ageing
Grouping 2	Sovereign credit accounts receivable, using the overdue date as the starting point of ageing

#### Receivables financing

Grouping 1	Bank acceptance notes
Grouping 2	Accounts receivable ageing by sector

#### Contract assets

Grouping	Contract assets
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#### Other receivables

Grouping 1	Deposits and guarantees
Grouping 2	Employee reserve fund

#### Loans and discounts

Grouping 1	Loans and advances to customers
Grouping 2	Discount of notes

#### Long-term receivables

Grouping	Finance lease receivables and sale-leaseback receivables
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#### Debt investment

Grouping	Debt instruments
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#### Other debt investments

Grouping	Other debt investments
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#### Financial assets purchased under resale agreements

Grouping	Financial assets purchased under resale agreements
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### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (9) Financial instruments (Cont'd)

##### *(d) Impairment of financial instruments (Cont'd)*

For bank acceptance notes receivable and receivables financing arising from sales of goods and rendering of services in the ordinary course of operating activities which are classified into groups, the Group calculates the ECL by referring to historical experience of credit losses, combining with the current situation and forecast of economic situation in the future, and based on exposure at default and the lifetime ECL rate.

For trade acceptance notes receivable, accounts receivable and contract assets in groups, the Group makes reference to the historical experience of credit losses, combining with the current situation and forecast of economic situation in the future, and prepares the model which refers to the days overdue and the rate of the ECL during lifetime in order to measure the ECL.

For other receivables, loans and discounts, long-term receivables, other debt investments and financial assets purchased under resale agreements in groups, the Group calculates the ECL by referring to historical experience of credit losses, combining with the current situation and forecast of economic situation in the future, and based on exposure at default and the 12-month or lifetime ECL rate.

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments held at fair value through other comprehensive income, the Group adjusts other comprehensive income while the impairment loss or gain is recognised in profit or loss for the current period.

##### Provision for impairment written off

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (9) Financial instruments (Cont'd)

#### *(e) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### *(f) Financial guarantee contracts*

Financial guarantee contracts are those contracts that require a payment to be made by the issuer to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured, on initial recognition, at fair value. They are, after initial recognition, subsequently measured at the higher of: the amount of provisions for ECLs at the balance sheet date, and the amount initially recognised less the cumulative amortisation recognised in accordance with the guidance for revenue recognition.

#### *(g) Transfer of financial assets*

A financial asset is derecognised when the Group has transferred substantially all the risks and rewards of the asset to the transferee. A financial asset is not derecognised when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or continues to recognise the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the guaranteed amount. The guaranteed amount is the maximum amount of consideration that the Group could be required to repay.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (10) Inventories

Inventories include raw materials, work in progress, goods in stock, materials in transit, self-produced semi-finished goods, repair accessories, low-value consumables and others.

Inventories are initially carried at cost. Cost of inventories comprises raw materials, direct labour and systematically allocated production overhead based on the normal production capacity. Cost is determined on the weighted average or specific identification basis. Repair accessories and low-value consumables are expensed when issued.

The Group adopts the perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. The inventories are written down below cost to net realisable value and the write-down is recognised in profit or loss if the cost is higher than the net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion or the estimated costs to fulfil a contract and the estimated costs necessary to make the sale and related taxes. For inventories that are produced and sold in the same region and with the same or similar end uses, the Group makes the provision for decline in the value of inventories on an aggregate basis.

#### (11) Purchased under resale agreements transactions

Assets held under resale agreements with a certain resale date shall not be recognised in the balance sheet. For financial assets measured at amortised cost, the cost of acquisition is recognised in financial assets purchased under resale agreements on the balance sheet if the maturity is within one year (inclusive) at acquisition. The difference between the sale and repurchase prices is treated as an interest expense and is accrued over the life of the agreement using the effective interest method.

#### (12) Long-term equity investments

Long-term equity investments comprise equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially measured at its initial investment cost on acquisition. For long-term equity investments acquired through a business combination involving entities under common control, the initial investment cost shall be the absorbing entity's share of the carrying amount of the owner's equity of the entity being absorbed in the consolidated financial statements of the ultimate controlling party on the combination date; the difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted to capital reserves (If the amount of capital reserves is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). For long-term equity investments acquired through a business combination involving entities under common control, the initial investment cost shall be the combination cost (if a business combination not involving entities under common control is achieved step by step through multiple transactions, the initial investment cost shall be the sum of the carrying amount of the equity investments in the acquiree before the acquisition date and the newly increased investment cost on the acquisition date). For long-term equity investments acquired not through a business combination, the initial investment cost shall be determined as follows: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid and the expenses, taxes and other necessary expenditures directly related to the acquisition of the long-term equity investments.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (12) Long-term equity investments (Cont'd)

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's individual financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Long-term equity investments accounted for using the cost method are measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividend or profit distribution declared by the investees is recognised as investment income in profit or loss for the current period.

The equity method is adopted when the Group has joint control, or exercises significant influence over the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control with other parties over those policies.

Under the equity method, where the initial investment of a long-term equity investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at cost and no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

Under the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee, as well as its share of the investee's other comprehensive income, as investment income or loss and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognises its share of the investee's profit or loss after making appropriate adjustments to the investee's profit or loss based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods. Unrealised profits and losses from transactions with its joint ventures and associates are eliminated to the extent of the Group's investments in the associates or joint ventures (except for assets that constitute a business). However, any loss arising from such transactions which are attributable to an impairment loss shall be recognised at its entirety. The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group does not recognise further losses when the carrying amounts of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in investees are reduced to zero. However, the Group has obligations for additional losses. The Group's share of changes in the investee's owners' equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amount of the long-term equity investment.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (13) Investment properties

Investment properties, are properties held to earn rentals or for capital appreciation or both, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing.

Investment properties are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the economic benefits relating to the investment property will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties which will be appreciated or amortised using the straight-line method over the useful life.

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at the date of the transfer. When reclassified, the carrying amount before the reclassification shall be recorded as the cost after the reclassification.

The investment property's estimated useful life, estimated net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (14) Fixed assets

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures are recognised in profit or loss or the cost of related assets as incurred according to the beneficiaries. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated net residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	10 to 50 years	0 to 10%	1.8% to 10%
Machinery and equipment	3 to 20 years	0 to 10%	4.5% to 33.3%
Motor vehicles	5 to 12 years	0 to 10%	7.5% to 20%
Office equipment and others	3 to 10 years	0 to 10%	9% to 33.3%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (15) Construction in progress

Construction in progress is measured at actual cost as incurred. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for its intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the following month.

#### (16) Borrowing costs

The borrowing costs of the Group that are directly attributable to acquisition and construction of a fixed asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising in the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of general borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the interest rate used when the future cash flows of the borrowings over the estimated remaining deposit period or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (17) Intangible assets

#### *(a) Useful life of intangible assets*

Intangible assets include land use rights, technology transfer fee, patent and license, franchise, computer software and others, and are measured at cost.

The land use rights acquired by the Group are generally accounted for as intangible assets. Relevant land use rights and buildings of the self-constructed plant are accounted for as the intangible assets and fixed assets. If the costs paid for the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the costs are recognised as fixed assets.

The franchise is the right granted by the governments and relevant departments or public-private partnership ("PPP") project implementation institutions authorised by the governments for the Group's involvement in the PPP project contracts. The right may enable the Group to provide public products and services applying PPP project assets during the operation period of PPP project contracts and charge an uncertain amount from the users of the public products and services.

The intangible assets are amortised using the straight-line method. The estimated useful lives of the intangible assets are as follows:

	Useful lives
Land use rights	27 to 50 years
Franchise	Operation period under the contract
Patent and license	5 to 40 years
Technology transfer fee	5 to 15 years
Computer software and others	3 to 5 years

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (17) Intangible assets (Cont'd)

##### *(b) Research and development expenditures*

The Group's expenditures on research and development mainly include expenditures on materials consumed for the implementation of the Group's research and development activities, salaries of employees in the research and development department, depreciation and amortisation of assets such as equipment and software used for research and development activities, research and development testing, research and development technical service fees and licensing fees.

Expenditure on the planned investigation, evaluation and selection for the internal research and development projects is regarded as expenditure on the research phase, which is recognised in profit or loss in the period in which it is incurred. Expenditure on design and test for the final application of the research and development projects before mass production is expenditure on the development phase, which is capitalised only if all of the following conditions are satisfied:

- the development project has been fully justified by technical team, with the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the budget for the project development has been approved by management;
- market research analysis proved the products produced by the development project have a market for the output and the marketing capabilities;
- adequate technical, financial and other resources are available for development of the development project and subsequent mass production and the ability to use or sell the intangible asset; and
- expenditure on the development project can be reliably collected.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as capitalised development expenditures in the balance sheet and transferred to intangible assets at the date when the asset is ready for its intended use.

#### (18) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

The long-term prepaid expenses are amortised on the straight-line basis as follows:

	<b>Amortisation period</b>
Improvements to fixed assets held under leases	5 to 10 years
Renovation expenditures	2 to 8 years
Decoration expenditures	5 years
Others	2 to 5 years



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (19) Impairment of assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount 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. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it should not be reversed for the value recovered in any subsequent periods.

### (20) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

#### *(a) Short-term employee benefits*

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, labour union funds and employee education costs. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (20) Employee benefits (Cont'd)

##### *(b) Post-employment benefits*

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pensions and unemployment insurance, both of which belong to the defined contribution plans except for a defined beneficial pension plan operated by part of overseas companies.

##### Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss for the current period or the cost of relevant assets. The Group's contributions to such pension plan for employees are fully attributable to the employees at the time of payment, so the Group has no forfeited contributions available.

##### Defined benefit plan

Some overseas companies of the Group have set up a defined beneficial pension plan. The present value of defined benefit plan obligation is calculated annually by an independent actuary using projected unit credit method, which is based on quality corporate bond interest rate, similar as the duration and currency of the employee benefits obligation. The net liability of present value of defined benefit plan obligation net of the fair value of plan assets is presented as long-term benefits payable in the balance sheet. Service costs related to the plan (including current service cost, past service costs and settled gains or losses) and net interest calculated based on defined benefit plan net liability and applicable discount rate are recognised as profit and loss for the current period or cost of relevant assets and changes in remeasurement of defined benefit plans liabilities as other comprehensive income.

##### *(c) Termination benefits*

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (21) Dividend distribution

Cash dividends are recognised as liabilities in the period in which the dividends are approved by the shareholders' meeting.

### (22) Provisions

Provisions for product warranties, onerous contracts, litigation, etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Financial guarantee contracts and loan commitments subsequently measured at an amount equal to expected credit losses are presented in provisions.

The provisions expected to be settled within one year since the balance sheet date are classified as other current liabilities.

### (23) Revenue from contracts with customers

The Group recognises revenue at the amount of the consideration which the Group expects to be entitled to receive when the customer obtains control over relevant goods or services. If there is a variable consideration in the contract, the Group determines the best estimate of the variable consideration based on the expected value or the most likely amount, and the transaction price including the variable consideration does not exceed the cumulative recognised revenue when the relevant uncertainty is eliminated for which a material reversal would occur. On the balance sheet date, the Group re-estimates the variable consideration that should be included in the transaction price. Obtaining control of relevant goods or services refers to the ability to direct the use of the goods, or the provision of the services, and obtain substantially all of the remaining benefits from the goods or services.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (23) Revenue from contracts with customers (Cont'd)

The specific accounting policies for revenue from main activities of the Group are as follows:

##### *(a) Revenue from sales of goods*

Revenue is recognised when the Group has delivered the products to the location specified in the sales contract and the customer has confirmed the acceptance of the products. The revenue is recognised at the point in time when the customer obtains control of the goods based on the following indicators: a present right to payment for goods; the transfer of significant risks and rewards of ownership of goods; the transfer of legal title to goods; the transfer of physical possession of goods; and the customer's acceptance of goods.

The Group provides a warranty in connection with the sale of energy equipment and industrial equipment in accordance with the contract and the relevant laws and regulations, etc. Such a warranty is an assurance-type warranty that provides the customer the assurance that the good complies with agreed-upon specifications, the Group accounts for the warranty in accordance with Note 3 (22).

##### *(b) Revenue from rendering of services*

The Group provides service to external parties. The related revenue is recognised based on the stage of completion within a certain period, which is determined based on proportion of costs incurred to date to the estimated total costs. On the balance sheet date, the Group re-estimates the stage of completion to reflect the changes of contract fulfilment status.

When the Group recognises revenue based on the stage of completion, the amount with unconditional collection right obtained by the Group is recognised as accounts receivable, and the rest is recognised as contract assets. If the contract price received or receivable exceeds the amount for the completed service, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

##### *(c) Revenue from construction services*

The Group provides construction services to external parties and the revenue is recognised according to the progress towards complete satisfaction of a performance obligation. The revenues for the contracts of the Group were recognised mainly by reference to the proportion of costs incurred to date to the estimated total costs of the relevant contracts. At the balance sheet date, the Group re-estimates the progress towards completion to reflect the changes of contract performance status.

When the Group recognises revenue based on the progress, the amount with unconditional collection right obtained by the Group is recognised as accounts receivable, and the rest is recognised as contract assets. If the contract price received or receivable exceeds the amount for the completed construction service, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (23) Revenue from contracts with customers (Cont'd)

The specific accounting policies for revenue from main activities of the Group are as follows: (Cont'd)

#### *(d) Revenue from PPP project contracts*

The Group provides PPP project asset construction, operation and maintenance thereafter, and other services as agreed in the PPP project contracts. When providing PPP project asset construction services or subcontracting these services to other parties, the Group judges whether it is acting as a principal or an agent based on if it has the control over relevant goods or services before being transferred to customers, and recognises revenue and contract assets during the construction period.

During the operation period, the Group is entitled to charge fees from those who obtain public products and services but there is an uncertainty to the charge amount. When the PPP project assets are ready for their intended use, the confirmed construction income shall be recognised as intangible assets, and the contract assets recognised during the relevant construction period shall also be included in intangible assets, and amortized using the straight-line method over the period from the completion and acceptance date of the PPP project to the termination date of the concession right. During the operation period, where the Group is eligible to collect a determinable amount of cash or other financial assets, the consideration shall be recognised as receivables when the Group has the right to collect (only depending on the passage of time), and the contract assets recognised during the construction period shall be presented as contract assets or other non-current assets according to whether they are expected to be realised within one year as from the balance sheet date.

#### **Contract assets and contract liabilities**

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet. The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

#### **Assets related to contract costs**

Contract costs include contract performance costs and contract acquisition costs. Costs incurred for provision of construction services are recognised as contract performance costs, which is carried forward to the operating cost of main operations based on the stage of completion when recognising revenue. Incremental costs incurred by the Group for the acquisition of engineering service contract are recognised as the contract acquisition costs. For contract acquisition costs with the amortisation period within one year, the costs are included in the current profit or loss when incurred. For contract acquisition costs with the amortisation period beyond one year, the costs are included in the current profit or loss on the same basis as recognition of revenue from rendering of engineering service under relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses, and considers whether to make provisions about onerous contracts (Note 3 (22)).



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (24) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government.

Government grants are recognised when the grants can be received and all attached conditions can be met. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by enterprises for the purposes of acquiring, constructing or otherwise forming the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a reasonable and systemic basis over the useful lives of the assets.

For government grants related to income, those intended to compensate for relevant costs, expenses, or losses in future periods are recognised as deferred income and recorded into the current profit and loss during the period when the relevant costs or losses are recognised. Grants compensating for already incurred costs or losses are directly recorded in profit or loss for the current period.

Government grants that are related to ordinary activities are recognised as other income, otherwise, they are recognised as non-operating income.

#### (25) Deferred tax

The Group recognises deferred tax using the balance sheet liability method, based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognised as assets and liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (a) when the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- (b) when the taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, that the reversal time of temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (25) Deferred tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, and the carry-forward of unused tax losses and any unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax losses and unused tax credits can be utilised, except:

- (a) when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- (b) when it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset when: the tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities; and that deferred tax assets and deferred tax liabilities are related to the same tax payer within the Group and the same taxation authority.

### (26) Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments in exchange for settlement.

The stock option plan and the restricted share incentive plan implemented by the Group are both treated as equity-settled share-based payments.

The equity-settled share-based payments in exchange for employee services are measured at the fair value of the equity instruments granted to the employees at the granting date. The equity-settled share-based payments are exercisable after the services vesting period are completed or the performance requirements are met. At each balance sheet date within the vesting period, the Group makes the best estimate of the number of vested equity instruments according to the latest information such as changes in the number of employees with exercisable rights and whether they meet the performance requirements. The services obtained in the current period shall, based on the best estimate, be included in the profit or loss for the current period at the fair value of the equity instruments at the granting date.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (26) Share-based payments (Cont'd)

Where the share-based payments cannot be exercised finally, its costs or expenses are not recognised unless the vesting conditions are market conditions or non-vesting conditions. In this regard, whether the market conditions or non-vesting conditions are satisfied or not, the payments are deemed to be exercisable only when the non-market conditions among all of the exercisable conditions are satisfied.

When the Group modifies the terms of a share-based payment scheme, if the modification increases the fair value of the equity instruments granted, the Group recognises the service additions based on the difference between the fair value of the equity instruments before and after the modification as of the date of modification. If the Group modifies vesting conditions in a favourable manner to the employees, the Group shall account for in accordance with modified vesting conditions. If the Group modifies vesting conditions in an unfavourable manner to employees, the Group shall not consider such modifications when accounting for, unless the Group cancels all or part of equity instruments granted. If the Group cancels a granted equity instrument, it is treated as an accelerated exercise on the date of cancellation, and the amount that would have been recognised over the remaining vesting period is immediately recognised in profit or loss for the current period, together with capital surplus.

If the Group needs to repurchase restricted shares that have lapsed or become null and void without being unlocked, the Group recognises liabilities and treasury stocks based on the number of restricted shares and at the pre-agreed repurchase price.

#### (27) Leases

Lease refers to a contract in which the lessor transfers the use right of the assets to the lessee in a certain period of time to obtain the consideration.

##### *(a) As the lessee*

At the commencement date, the Group shall recognise the right-of-use asset and measure the lease liabilities at the present value of the lease payments that are not paid at that date. Lease payments include fixed payments, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lessee exercises an option to terminate the lease. Variable lease payments in proportion to sales are excluded from lease payments and recognised in profit or loss as incurred. Lease liabilities that are due within one year (inclusive) from the balance sheet date are included in the current portion of non-current liabilities.

Right-of-use assets of the Group comprise buildings, machinery and equipment, motor vehicles, computers and electronic equipment, land use rights that are held under leases. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date and any initial direct costs, less any lease incentives received. If there is reasonable certainty that the Group will obtain ownership of the underlying asset by the end of the lease term, the asset is depreciated over its remaining useful life; otherwise, the asset is depreciated over the shorter of the lease term and its remaining useful life. The carrying amount of the right-of-use asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (27) Leases (Cont'd)

#### *(a) As the lessee (Cont'd)*

For short-term leases with a term of 12 months or less and leases of an individual asset (when new) of low value, the Group chooses to include the lease payments in the cost of the underlying assets or in the profit or loss for the current period on a straight-line basis over the lease term, instead of recognising right-of-use assets and lease liabilities.

#### *(b) As the lessor*

Lease that transfers substantially almost all the risks and rewards incidental to ownership of a lease asset is a finance lease. An operating lease is a lease other than a finance lease.

#### Operating leases

Where the Group leases out self-owned buildings, machinery and equipment, and motor vehicles under operating leases, rental income therefrom is recognised on a straight-line basis over the lease term. Variable rental that is linked to a certain percentage of sales is recognised in rental income as incurred.

#### Finance leases

At the commencement date, the Group recognises the lease payments receivable under a finance lease and derecognises the relevant assets. When the finance lease receivables are initially measured, the net lease investment is recorded as the carrying amount of the finance lease receivables. The net lease investment represents the sum of the unguaranteed residual value and the present value of the lease payments receivable that have not been received at the lease commencement date discounted at the interest rate implicit in the lease. The finance lease receivables are presented as long-term receivables; finance lease receivables due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

#### Sale-leaseback transactions

The Group assesses whether the transfer of assets in the sale-leaseback transactions qualifies as a sale in accordance with Note 3 (23).

When the transfer of assets in the sale-leaseback transactions qualifies as a sale, the Group, as the lessor, accounts for the asset acquisition and the asset lease in accordance with the above provisions. When the transfer of assets in the sale-leaseback transactions does not qualify as a sale, the Group, as the lessor, does not recognise the transferred assets. Instead, it recognises a financial asset with the equivalent amount of the transferred income, which is recognised as sale-leaseback receivables. The sale-leaseback receivable is presented as long-term receivables. The sale-leaseback receivable due within one year (inclusive) as from the balance sheet date is presented as current portion of non-current assets.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (28) Derivative financial instruments and hedging instruments

The Group uses derivative financial instruments held or issued to hedge its exposure on foreign exchange and interest rate risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The derivative financial instrument is carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The method for recognising changes in fair value of the derivative financial instrument depends on whether the derivative financial instrument is designated as a hedging instrument and meets the requirement for it, and if so, the nature of the item being hedged. For those not designated as or not qualified as the hedging instrument, including the derivative financial instruments aimed at providing hedge for specific interest and exchange rate risk but not satisfying the hedging accounting requirements, the changes in fair value are recognised in "gains on changes in fair value" in the income statement.

At the inception of the hedge, the Group documents the hedging relations between hedging instrument and hedged item, as well as risk management objectives and hedging strategies. The Group also documents its assessment, both at hedge inception and in subsequent periods, of whether the derivative financial instruments that are used in hedging businesses are highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purpose of hedge accounting, the Group's hedges are classified as:

##### *(a) Fair value hedges*

A fair value hedge refers to a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or to changes in the identifiable portion of the asset or liability of an unrecognised firm commitment. Such changes in value are attributable to a particular risk and could affect profit or loss.

For a hedging instrument satisfying the requirements for fair value hedge, the changes in its fair value together with the changes in fair value arising from exposures to the hedged item are recognised in the income statements for the current period, and their net impacts are recorded in the income statement for the current period as the ineffective portion of the hedge.

If a hedging relation no longer satisfies the requirements of hedge accounting, the adjustment to the carrying amount of a hedged item measured at amortised cost is amortised by using the effective interest method during the period from the termination date to the maturity date and included in the income statement for the current period. When a hedged item is derecognised, the unamortised adjustment to its carrying amount is directly included in the income statement for the current period.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (28) Derivative financial instruments and hedging instruments(Cont'd)

For the purpose of hedge accounting, the Group's hedges are classified as: (Cont'd)

#### *(b) Cash flow hedge*

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction, and ultimately could affect profit or loss.

The effective portion of changes in fair value of derivatives that are designated and qualified as cash flow hedge is recognised in other comprehensive incomes. The ineffective portion of the hedge is recognised in the income statement for the current period.

Accumulated gains or losses previously recognised in other comprehensive income are transferred to the income statement in the same period when the hedged item affects the income statement.

If the hedging instrument expires or is sold, or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the accumulated gains or losses previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs and then it will be reclassified to the income statement of the current period. If the forecast transaction is not estimated to occur, the accumulated gains or losses previously recognised in other comprehensive income should be transferred to the income statement for the current period.

#### *(c) Hedge of net investments in foreign operations*

Hedge of net investments in foreign operations is accounted for in the same method of cash flow hedges.

For hedging instruments that are designated as hedging instruments and qualified as a hedge of net investments in a foreign operation, the effective portion is included in other comprehensive income; while the ineffective portion of the hedge is recognised in the income statement for the current period.

Gains and losses accumulated in other comprehensive income are included in the profit or loss for the current period when the foreign operation is all or partially disposed of.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (29) Safety production funds

Safety production funds provided according to the regulations are included in costs of related products or profit or loss, and credited to the specialised reserves. They are accounted for differently when being utilised: (a) the specialised reserves are offset against for those attributable to the expense nature; or (b) the cumulative expenditures are recognised as a fixed asset for those attributable to the fixed asset nature when the asset is brought to the working condition for the intended use, and at the same time, specialised reserves are offset against with the full depreciation of the fixed asset, at the same amount.

#### (30) Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at each balance sheet date.

#### (31) Non-current assets or disposal groups held for sale and discontinued operations

##### *(a) Non-current assets or disposal groups held for sale*

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. A non-current asset or a disposal group is classified as held for sale when both of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group and its sale must be highly probable, i.e., the Group has passed a disposal resolution and obtained a firm purchase commitment; and (2) the Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year (in the cases that approval from authorities or regulators is required before the sale, the approval has been received). If the Group is committed to a sale plan involving a loss of control of a subsidiary, the investment in the subsidiary is classified as a whole as an asset held for sale in the individual financial statements, and all assets and liabilities of the subsidiary are classified as a disposal group held for sale in the consolidated financial statements when the criteria are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Where the carrying amounts of non-current assets or disposal groups classified as held for sale (other than financial assets, deferred tax assets, investment properties measured at fair value) are higher than their fair values less costs to sell, the Group recognises an impairment loss in profit or loss for the write-down of the asset or disposal group to fair value less costs to sell. The reduction in carrying amounts is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the assets classified as held for sale is recognised accordingly. Non-current asset classified as held for sale or while it is part of a disposal group classified as held for sale is not depreciated or amortised, and not accounted for under the equity method.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (31) Non-current assets or disposal groups held for sale and discontinued operations (Cont'd)

#### *(b) Discontinued operations*

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions: the component represents a separate major line of business or geographical area of operations; the component is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and it is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations is stated separately in the income statement from profit or loss from continuing operations. Impairment loss and reversal of discontinued operations, and profit or loss on disposal of discontinued operations, are presented in discontinued operations. For the discontinued operations for the current period, the Group re-presents its profit or loss of continuing operations for prior periods in discontinued operations for the comparative accounting period in the current financial statements.

### (32) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) operating results of the component are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; and (3) information on financial position, operating results and cash flows of the component is available to the Group. Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (33) Debt restructuring

Debt restructuring refers to a transaction in which the time, amount or method for repayment of debts is agreed between the creditor and the debtor or ruled by the court without changing the counterparty.

The Group as the creditor

For debt restructuring in which the debtor offsets its debts to the Group against its inventories, fixed assets and other non-financial assets, the Group determines the initial cost of non-financial assets obtained at the fair value of waived debts and based on other relevant costs including taxes directly attributable to the assets that incurred before bringing the assets to current position and condition, or to be ready for their intended use. The difference between the fair value and carrying amount of debts waived by the Group is included in profit or loss for the current period.

In addition, when debt restructuring by modifying other terms results in the derecognition of the original debt, the Group initially measures the restructured debt at fair value in accordance with the modified terms, and the difference between the recognised amount of the restructured debt and the carrying amount of the original debt at the date of its derecognition is recognised in profit or loss for the current period. If the modification of other terms does not result in derecognition of the original debt, the original debt continues to be subsequently measured at its original classification, and the gains or losses arising from the modification are recognised in profit or loss for the current period.

The Group as the debtor

As the debtor, if a debt restructuring is carried out by way of asset settlement, the Group shall derecognise the relevant assets and the liabilities settled when the conditions for derecognition are met, and the difference between the carrying amount of the debts settled and the carrying amount of the assets transferred is recognised in profit or loss for the current period.

In addition, when debt restructuring by modifying other terms results in the derecognition of the original debt, the Group initially measures the restructured debt at fair value in accordance with the modified terms, and the difference between the recognised amount of the restructured debt and the carrying amount of the original debt at the date of its derecognition is recognised in profit or loss for the current period. If the modification of other terms does not result in derecognition of the original debt, the original debt continues to be subsequently measured at its original classification, and the gains or losses arising from the modification are recognised in profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (34) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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.

#### *(a) Judgements*

##### 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 holding 48.81% of SMEI's shares. The remaining shares of 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, 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 28.41% of the shares of Shenzhen Yinghe Technology Co., Ltd. ("Yinghe Technology"), a company listed on the Shenzhen Stock Exchange, making the Group the largest shareholder of Yinghe Technology. Wang Weidong, the second largest shareholder of Yinghe Technology, and Xu Xiaojun, the fifth largest shareholder of Yinghe Technology, relinquished their voting right of the entity. Therefore, the Group holds 35.08% of the voting rights of Yinghe Technology. In addition to the above-mentioned shares, the remaining shares are widely held by many other shareholders. Therefore, although the Group holds less than half of the voting rights of Yinghe Technology, the Group has substantial control over Yinghe Technology and includes it in the consolidation scope.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (34) Critical accounting estimates and judgements(Cont'd)

##### *(a) Judgements (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 and the ways in which related business management personnel are remunerated.

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

When the Group classifies financial instruments into different stages, its determination for significant increase in credit risk and credit impairment is as follows:

Judgement of the Group for significant increase in credit risk is mainly based on whether one or more of the following indicators changed significantly: business environment of the debtor, internal and external credit rating, significant changes in actual or expected operating results, significant decrease in value of collateral or credit rate of guarantor which affects the probability of default, etc.

Judgement of the Group on the occurred credit impairment is mainly based on whether it meets one or more of the following conditions: the debtor is suffering significant financial difficulties, engaged in other debt restructuring, or probably bankrupt, etc.

##### *(b) Uncertainty over estimates*

###### Measurement of ECL

The Group calculates ECL through default risk exposure and ECL rate, and determines the ECL rate based on default probability, default loss rate or ageing matrix. In determining the ECL rate, the Group uses data such as internal historical credit loss experience, and adjusts historical data based on current conditions and forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (34) Critical accounting estimates and judgements (Cont'd)

#### (b) Uncertainty over estimates (Cont'd)

##### Measurement of ECL (Cont'd)

When considering forward-looking information, the Group takes different macroeconomic scenarios into consideration. In 2024, the economic scenario weights of "benchmark", "unfavourable" and "favourable" accounted for 60%, 30% and 10% (2023: 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. In 2024, the Group has considered the uncertainties under different macroeconomic scenarios and updated the relevant assumptions and parameters accordingly.

The key macroeconomic parameters applied in various scenarios in 2024 were mainly as follows:

	Economic scenarios		
	Benchmark	Unfavourable	Favourable
Gross domestic product	4.99%	4.70%	5.30%
Production price index	-1.83%	-3.00%	1.00%
Industrial added value	5.29%	4.50%	6.50%
Broad money supply	8.80%	6.60%	11.00%
Completed investments in fixed assets	4.49%	3.90%	5.40%

In 2023, the key macroeconomic parameters applied by the Group in various scenarios were as follows:

	Economic scenarios		
	Benchmark	Unfavourable	Favourable
Gross domestic product	4.76%	3.90%	5.10%
Production price index	0.16%	-0.80%	0.60%
Industrial added value	4.62%	4.20%	5.00%
Broad money supply	9.73%	8.80%	10.90%
Completed investments in fixed assets	4.77%	2.70%	8.50%

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (34) Critical accounting estimates and judgements (Cont'd)

##### *(b) Uncertainty over estimates (Cont'd)*

###### Construction contracts

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. The performance of the contract is determined in accordance with the method stated in Note 3 (23) and is accumulated during the accounting years of construction services.

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

###### Net realisable value of inventories

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.

###### Provisions

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

###### Provision for loss on onerous contracts

For some sales contracts, the Group estimates and makes corresponding provisions for expected losses on onerous contracts where the unavoidable costs of fulfilling the contractual obligations exceed the anticipated economic benefits. The expected loss is recognised as an impairment provision for the underlying assets (if any) of the contract, with the remaining recognised as provisions.

The Group's judgment and estimation of the costs that are unavoidable in fulfilling the contractual obligations involve the net costs of contract exit based on historical experience, the material costs, working hours, wages, overheads, transportation expenses, provision for product quality assurance and other performance costs required to perform the contract.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (34) Critical accounting estimates and judgements (Cont'd)

#### *(b) Uncertainty over estimates (Cont'd)*

##### Enterprise income tax and deferred tax assets

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. Estimation and judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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 unutilised deductible losses. It requires management to exercise significant judgement to estimate the time and amount of future taxable profit, in combination of tax planning strategy, so as to determine the amount of deferred tax assets.

As stated in Note 4 (2), 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.

##### 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 not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. 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.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

#### (34) Critical accounting estimates and judgements (Cont'd)

##### *(b) Uncertainty over estimates (Cont'd)*

###### Impairment of goodwill

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

The Groups uses the market approach to determine the fair value less cost of disposal of an asset group. The methods adopted was the stock price of listed companies after necessary adjustments.

If management revises the gross margin, the growth rate in the forecast period and the growth rate in the stable period that are used in the calculation of the future cash flows of asset groups and groups of asset groups, if the revised rates are lower/higher than those currently used, the Group will need to adjust impairment of goodwill of its subsidiary described in Note 5 (27).

If the actual gross margin/pre-tax discount rate is higher/lower than management's estimates, the impairment loss of goodwill previously provided for 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. 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.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONT'D)

### (35) Significant changes in accounting policies

Presentation of financial statements

In accordance with the Interpretation No.18 of Accounting Standards for Business Enterprises, the Group changes the assurance-type warranty originally presented in "selling expenses" to "operating costs", and makes retrospective adjustment of the comparative financial information accordingly.

The effects of retrospective adjustments arising from the above changes in accounting policies on the financial statements are mainly as follows:

For the year ended 2023	Amount for the year before amendments to accounting policies	Changes	Amount for the year after amendments to accounting policies
Cost of sales	93,117,308	1,411,329	94,528,637
Selling expenses	4,209,744	(1,411,329)	2,798,415

## 4 TAXATION

### (1) The main categories and rates of taxes

Category	Taxation base	Tax rate
Enterprise income tax	Taxable income	15%, 20%, 25%
Value-added tax ("VAT")	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)	13%, 9%, 6%, 5% or 3%
City maintenance and construction tax	The payment amount of VAT	1%, 5%, 7%

### (2) Tax preference

*(a) 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 Shanghai Municipality, the Shanghai Municipal Finance Bureau, the State Taxation Administration Shanghai Municipal Office and the Shanghai 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
ZTC Technology (Suzhou) Co., Ltd.	2024	2026
Shanghai Electric Nuclear Power Equipment Co., Ltd.	2024	2026
Shanghai Electric SHMP Casting & Forging Co., Ltd.	2024	2026
Shanghai Electric - SPX Engineering & Technologies Co., Ltd.	2024	2026
Shanghai Denso Fuel Injection Co., Ltd.	2024	2026
Shanghai Electric Fuji Electric Power Technology Co., Ltd.	2024	2026
Shanghai Electric SHMP Pulverising & Special Equipment Co., Ltd.	2024	2026
Shanghai KSB Pump Co., Ltd.	2024	2026
Shanghai Power Station Auxiliary Machinery Factory Co., Ltd.	2024	2026
Shanghai Electric Wind Power Group Co., Ltd.	2023	2025
Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.	2023	2025
Shanghai Boiler Works Co., Ltd.	2023	2025
Shanghai Electric Gas Turbine Co., Ltd.	2023	2025
Shanghai No.1 Machine Tool Works Co., Ltd.	2023	2025
Qingdao Huachen Weiye Power Technology Engineering Co., Ltd.	2023	2025
Shanghai Centrifuge Institute Co., Ltd.	2023	2025
Shanghai Electric Group Digital Technologies Co., Ltd.	2023	2025
Shanghai Electric Power Generation Environment Protection Engineering Co., Ltd.	2022	2024
Shanghai Electric Distributed Energy Technology Co., Ltd.	2022	2024
Shanghai Electric Guoxuan New Energy Technology Co., Ltd.	2022	2024
Shanghai Turbine Works Co., Ltd.	2022	2024
Shanghai Electric (Anhui) Energy Storage Technology Co., Ltd.	2022	2024

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 4 TAXATION (CONT'D)

### (2) Tax preference (Cont'd)

*(b) Pursuant to the Notice of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises (Cai Shui [2023] No. 43) jointly issued by the Ministry of Finance and the State Taxation Administration, several subsidiaries of the Group as advanced manufacturing enterprises, are allowed to credit the amount of input VAT deductible in the current period plus 5% thereof against the VAT payable from 1 January 2023 to 31 December 2027.*

### (3) Other remarks

The Group's following first-tier subsidiaries 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 Machine Tool 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 Co., Ltd.	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%

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (1) Cash at bank and on hand

	31 December 2024	31 December 2023 (Restated)
Cash on hand	2,299	1,427
Cash at bank	27,838,383	26,314,836
Other cash balances	4,728,331	3,936,117
Total	32,569,013	30,252,380
Including: Total overseas deposits	4,950,009	2,913,225

As at 31 December 2024, other cash balances represented restricted cash at bank and on hand of RMB 4,728,331 thousand (31 December 2023: RMB 3,936,117 thousand), including restricted bank deposits of RMB 1,584,527 thousand (31 December 2023: RMB 1,379,398 thousand) for the issuance of unconditional and irrevocable letters of guarantee, deposits for letters of credit or banker's acceptances, frozen funds resulting from litigation, funds in the special loan supervision account, etc.; The central bank reserves of Shanghai Electric Finance Co., Ltd. (the "Finance Company"), a subsidiary of the Group, amounted to RMB 3,143,804 thousand (31 December 2023: RMB 2,556,719 thousand).

### (2) Placements with banks and other financial institutions

	31 December 2024	31 December 2023
Deposits with domestic banks	26,207,572	18,054,967

As at 31 December 2024 and 31 December 2023, placements with banks and other financial institutions represented deposits with large commercial banks such as Industrial and Commercial Bank of China, Industrial Bank, Pudong Development Bank and Bank of China by the Finance Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (3) Financial assets held for trading

	31 December 2024	31 December 2023
Investments in funds held for trading	6,308,325	6,254,518
Investments in bonds held for trading	826,182	615,337
Wealth management products	271,434	206,885
Others	373,619	415,623
Total	7,779,560	7,492,363

The fair value of investments in funds held for trading, investments in bonds held for trading, and wealth management products is primarily determined based on publicly available market information or quoted prices.

As at 31 December 2024, all fund investments held by the Group were invested in highly liquid money market instruments or short- to medium-term bonds.

The Group's maximum risk exposure to these funds is the carrying value of the purchased shares at the balance sheet date. The Group has no obligation or intention to provide financial support to these funds.

### (4) Derivative financial assets and derivative financial liabilities

	31 December 2024	31 December 2023
Derivative financial assets - Forward foreign exchange contracts	496	12,798
Derivative financial assets - Futures	24	-
Total	520	12,798
Derivative financial liabilities - Forward foreign exchange contracts	25,507	3,425

As at 31 December 2024, the notional amounts of derivative financial assets and derivative financial liabilities were RMB 345,618 thousand and RMB 366,858 thousand, respectively (31 December 2023: RMB 472,117 thousand and RMB 283,665 thousand).

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (5) Notes receivable

#### (a) Notes receivable by category

	31 December 2024	31 December 2023
Trade acceptance notes	2,072,483	2,679,574
Bank acceptance notes	1,904,290	2,174,324
	<u>3,976,773</u>	<u>4,853,898</u>
Less: Provision for bad debts	<u>807,023</u>	<u>858,453</u>
Total	<u>3,169,750</u>	<u>3,995,445</u>

#### (b) Pledged notes

As at 31 December 2024, the Group had no pledged notes receivable disclosed in notes receivable (31 December 2023: RMB 4,322 thousand).

#### (c) Notes receivable endorsed or discounted but unmatured

	Derecognised	Not derecognised
Bank acceptance notes	766,173	564,747
Trade acceptance notes	-	322,387
Total	<u>766,173</u>	<u>887,134</u>

For the year ended 31 December 2024, the bank acceptance notes held by the Group were primarily held for collecting contractual cash flows. Certain subsidiaries endorsed or discounted a small portion of bank acceptance notes, which met the derecognition criteria, while the remaining bank acceptance notes retained by these subsidiaries were classified as financial assets measured at amortized cost. Additionally, some subsidiaries of the Group discounted or endorsed a portion of bank acceptance notes based on their daily treasury management needs, meeting the derecognition criteria. As a result, these subsidiaries classified their remaining bank acceptance notes as financial assets measured at fair value through other comprehensive income (Note 5 (7)).

During 2024, the Group derecognised bank acceptance notes and receivables financing with a carrying amount of RMB 3,521,823 thousand and RMB 1,430,356 thousand, respectively (2023: RMB 3,114,691 thousand and RMB 698,822 thousand), as substantially all risks and rewards of ownership were transferred upon endorsement or discounting. The related discounting loss of RMB 17,200 thousand was recognised in investment income (2023: RMB 7,786 thousand).



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (5) Notes receivable (Cont'd)

#### (d) Provision for bad debts

For notes receivable arising from ordinary operating activities such as sales of goods and rendering of services, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component.

The provision for bad debts of notes receivable is analysed by category as follows:

	31 December 2024				31 December 2023			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on the individual basis (i)	1,098,292	28	795,196	72.4	1,337,330	28	803,173	60.1
Provision for bad debts on the grouping basis (ii)	2,878,481	72	11,827	0.4	3,516,568	72	55,280	1.6
Total	3,976,773	100	807,023		4,853,898	100	858,453	

- (i) As at 31 December 2024, the Group held trade acceptance notes totalling RMB 1,098,292 thousand receivable from certain subsidiaries within third-party groups, with corresponding contract liabilities of RMB 220,884 thousand. Based on these subsidiaries' historical repayment patterns, business models, current financial conditions and future outlook assessments under multiple scenarios, the Group calculated expected credit losses by applying scenario-specific loss rates weighted by probability, resulting in a total provision of RMB 795,196 thousand. Furthermore, certain subsidiaries of these groups settled their payable trade acceptance notes and accounts payable through asset-for-debt settlements ("the Settlements"), which were recognised upon completion of online registration for the relevant assets. Consequently, the Group derecognised the corresponding notes and accounts receivable while recording the consideration as other non-current assets. The derecognised notes receivable and corresponding other non-current assets balance from such Settlements amounted to RMB 200,138 thousand as at 31 December 2024 (31 December 2023: RMB 199,049 thousand).

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (5) Notes receivable (Cont'd)

#### (d) Provision for bad debts(Cont'd)

- (ii) Notes receivable with provision for bad debts made on the grouping basis are analysed as follows:

Grouping - Grouping of bank acceptance notes:

As at 31 December 2024, the Group measured its provision for bad debts based on lifetime expected credit losses. The Group considers that the bank acceptance notes within this portfolio do not carry significant credit risk and will not incur material losses due to bank defaults. Accordingly, no material provision for bad debts has been recognised.

Grouping - Grouping of trade acceptance notes:

As at 31 December 2024, the Group measured its provision for bad debts based on lifetime expected credit losses, amounting to RMB 11,827 thousand, with RMB 1,960 thousand recognised in current period profit or loss.

### (6) Accounts receivable

	31 December 2024	31 December 2023
Accounts receivable	55,196,640	58,427,795
Less: Provision for bad debts	17,649,203	17,949,869
Total	37,547,437	40,477,926

- (i) As at 31 December 2024, the Group pledged accounts receivable with a carrying value of RMB 71,098 thousand for obtaining short-term bank borrowings of RMB 105,000 thousand (31 December 2023: RMB 103,083 thousand).
- (ii) As at 31 December 2024, the Group pledged accounts receivable with a carrying value of RMB 2,421,710 thousand (31 December 2023: RMB 2,174,224 thousand) to banks for obtaining long-term loans of RMB 1,797,055 thousand.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (6) Accounts receivable (Cont'd)

#### (a) Ageing analysis of accounts receivable

The overdue ageing of accounts receivable was analysed as follows:

	31 December 2024	31 December 2023
Not overdue	20,316,523	22,614,688
Overdue within 1 year	10,854,691	9,398,550
Overdue 1 to 2 years	6,119,012	6,488,398
Overdue 2 to 3 years	2,681,025	8,230,304
Overdue 3 to 4 years	4,805,595	4,557,370
Overdue 4 to 5 years	4,412,705	4,157,532
Overdue over 5 years	6,007,089	2,980,953
Total	55,196,640	58,427,795

The ageing of accounts receivable was analysed based on invoice date as follows:

	31 December 2024	31 December 2023
Within 1 year	28,208,987	27,495,470
1 to 2 years	7,017,109	8,266,708
2 to 3 years	3,502,584	8,336,220
3 to 4 years	5,203,788	6,552,353
4 to 5 years	5,132,500	4,661,539
Over 5 years	6,131,672	3,115,505
Total	55,196,640	58,427,795

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (6) Accounts receivable (Cont'd)

(b) Disclosure by methods of provision for bad debts

For the year ended 31 December 2024	Book balance		Provision for bad debts		Net book value
	Amount	Proportion(%)	Amount	ECL rates(%)	
Individual provision for bad debts	15,141,032	27	11,673,611	77	3,467,421
Sovereign credit portfolio	864,072	2	417,492	48	446,580
Ageing grouping of accounts receivable by sector	39,191,536	71	5,558,100	14	33,633,436
Total	55,196,640	100	17,649,203		37,547,437

For the year ended 31 December 2023	Book balance		Provision for bad debts		Net book value
	Amount	Proportion(%)	Amount	ECL rates(%)	
Individual provision for bad debts	16,496,146	28	12,722,680	77	3,773,466
Sovereign credit portfolio	1,077,291	2	392,988	36	684,303
Ageing grouping of accounts receivable by sector	40,854,358	70	4,834,201	12	36,020,157
Total	58,427,795	100	17,949,869		40,477,926

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (6) Accounts receivable (Cont'd)

#### (b) Disclosure by methods of provision for bad debts (Cont'd)

As at 31 December 2024, accounts receivable with provision for bad debts made on the individual basis were analysed as follows:

	31 December 2024			Reason
	Book balance	Provision for bad debts	Lifetime ECL rates	
Accounts receivable 1	3,478,575	3,478,575	100%	(i)
Accounts receivable 2	2,191,732	1,147,232	52%	(i)
Accounts receivable 3	1,786,058	1,783,648	100%	(i)
Accounts receivable 4	1,193,017	643,947	54%	(i)
Accounts receivable 5	932,621	792,795	69%-100%	(ii)
Others	5,559,029	3,827,414	22%-100%	(iii)
Total	15,141,032	11,673,611		

- (i) In 2021, the Group identified that accounts receivable of its subsidiary, Shanghai Electric Communication Technology Co., Ltd ("Communication Company"), were overdue in succession, with the collection of repayments stagnated. In order to reduce losses, Communication Company has initiated formal legal proceedings to related clients successively. As at 31 December 2024, Communication Company recognised the ECL by calculating the probability-weighted present value of the difference between the contractual cash flows from accounts receivable and cash flows expected to be received under different scenarios, taking into account the latest developments in litigation, professional legal advice from external lawyers and the asset preservation related to the litigation. As at 31 December 2024, the ECL accumulated to RMB 7,053,402 thousand. As of the end of the reporting period, there have been no material adverse changes.
- (ii) As at 31 December 2024, the Group's receivables from a subsidiary within a third party group represented RMB 932,621 thousand. The Group evaluated the distribution of expected cash flows under multiple scenarios based on the historical experience of credit losses, operating model, current situations and forecasts of future conditions of subsidiaries under different conditions within the third party group, and made provision for bad debt based on the ECL rate and the related probability weight under various scenarios.
- (iii) Due to the counterparty's financial distress, the receivables are estimated to be partially or fully uncollectible.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (6) Accounts receivable (Cont'd)

#### *(b) Disclosure by methods of provision for bad debts (Cont'd)*

##### Accounts receivable grouped by sovereign credit risk

As at 31 December 2024, the original value of accounts receivable with sovereign credit risk amounted to RMB 864,072 thousand, bad debts amounted to RMB 417,492 thousand and net book value amounted to RMB 446,580 thousand (31 December 2023: the original value of accounts receivable amounted to RMB 1,077,291 thousand, bad debts amounted to RMB 392,988 thousand and net book value amounted to RMB 684,303 thousand).

##### Accounts receivable grouped by age and sector

As at 31 December 2024, accounts receivable grouped by age and sector were as follows:

	Book balance	Provision for bad debts	ECL rates
Not overdue	19,457,228	332,191	0.1%-6%
Overdue within 1 year	9,482,805	1,003,291	5%-29%
Overdue 1 to 2 years	5,838,579	1,260,337	5%-45%
Overdue 2 to 3 years	2,224,651	1,050,548	19%-84%
Overdue 3 to 4 years	903,087	709,805	31%-100%
Overdue 4 to 5 years	734,494	651,236	76%-100%
Overdue over 5 years	550,692	550,692	100%
Total	39,191,536	5,558,100	



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (6) Accounts receivable (Cont'd)

(c) Provision for bad debts

	Opening balance	Provision	Reversal	Changes to consolidation scope	Write-off	Transfers from others	Closing balance
Bad debts provision recognised on the individual basis	12,722,680	541,279	(447,344)	(1,085,166)	(114,902)	57,064	11,673,611
Bad debts provision recognised on the grouping basis	5,227,189	996,186	(333,734)	(5,391)	(668)	92,010	5,975,592
Total	17,949,869	1,537,465	(781,078)	(1,090,557)	(115,570)	149,074	17,649,203

The actual amount written off during the year was RMB 115,570 thousand and there were no significant write-offs.

(d) The top five balances of accounts receivable and contract assets aggregated by debtors

	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion in the aggregate balance of accounts receivable and contract assets (%)	Closing balance of bad debts provision for accounts receivable and contract assets
The top five balances of accounts receivable and contract assets	8,649,382	1,005,544	9,654,926	10	7,060,340

(e) Accounts receivable derecognised due to transfer of financial assets were analysed as follows:

In 2024, the Group had no accounts receivable that were derecognised after the Group had applied a non-recourse factoring (2023: Nil).

In 2024, the Group entered into debt-for-asset swap transactions with certain debtors, whereby the debtors settled their accounts payable to the Group by transferring specific assets. These transactions were recognised as completed upon the execution of online registration procedures for the transferred assets. The Group accordingly derecognised the related receivables and recorded the corresponding amounts in other non-current assets. As of December 31, 2024, the derecognised accounts receivable and the recorded balances in other non-current assets arising from these debt-for-asset swaps amounted to RMB 183,812 thousand (December 31, 2023: RMB 42,913 thousand).

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (7) Receivables financing

	31 December 2024	31 December 2023
Accounts receivable measured at fair value through other comprehensive income	57,249	112,377
Notes receivable measured at fair value through other comprehensive income	1,034,747	1,242,567
Total	1,091,996	1,354,944

(a)Accounts receivable measured at fair value through other comprehensive income

The ageing of accounts receivable is analysed as follows:

	31 December 2024	31 December 2023
Not overdue	57,249	112,377

As at 31 December 2024, certain subsidiaries of the Group transferred their held electronic debt instruments without recourse based on daily treasury management needs. Consequently, these subsidiaries classified the remaining accounts receivable from electronic debt instruments as financial assets measured at fair value through other comprehensive income. The fair value of these accounts receivable amounted to RMB 57,249 thousand (31 December 2023: RMB 112,377 thousand).

(b)Notes receivable measured at fair value through other comprehensive income

As at 31 December 2024, all of the Group's notes receivable measured at fair value through other comprehensive income consisted of bank acceptance notes. The Group considers that the bank acceptance notes held share similar credit risk characteristics. Furthermore, the Group believes these bank acceptance notes do not carry significant credit risk and will not result in material losses due to bank defaults. Consequently, the expected credit losses are not considered material.

As of December 31, 2024, the Group had no pledged notes receivable disclosed under receivables financing (December 31, 2023: RMB 11,604 thousand).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (7) Receivables financing (Cont'd)

As at 31 December 2024, the Group's notes receivable presented in receivables financing endorsed or discounted but unmatured were as follows:

	Derecognised	Not derecognised
Bank acceptance notes	2,305,945	-

### (8) Prepayments

	31 December 2024	31 December 2023
Prepayments	11,236,621	9,511,724

(a) The ageing of prepayments is analysed as follows:

	31 December 2024		31 December 2023	
	Amount	Percentage %	Amount	Percentage %
Within 1 year	8,859,261	78.85	7,915,096	83.22
1 to 2 years	1,051,138	9.35	881,033	9.26
2 to 3 yearse	611,131	5.44	255,847	2.69
Over 3 yearse	715,091	6.36	459,748	4.83
Total	11,236,621	100	9,511,724	100

As at 31 December 2024, prepayments aged over one year were RMB 2,377,360 thousand (31 December 2023: RMB 1,596,628 thousand), which are mainly prepayments for goods, attributable to the nature of business operations, which involve long lead times for critical materials. Such prepayments are made to secure timely project completion.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (8) Prepayments (Cont'd)

(b) As at 31 December 2024, the five largest prepayments aggregated by debtors were analysed as follows:

	Amount	% of total prepayments
Total	1,468,331	13.07

### (9) Other receivables

	31 December 2024	31 December 2023
Receivables from related parties (Note 10(6))	1,088,943	1,788,806
Receivables from third parties	5,163,851	5,638,575
	6,252,794	7,427,381
Less: Provision for bad debts	1,263,306	1,511,992
	4,989,488	5,915,389
Dividends receivable	57,548	68,778
Total	5,047,036	5,984,167

Dividends receivable are the cash dividends declared but not yet received from the Group's associates and joint ventures. As of 31 December 2024, all such dividends receivable were in the Stage 1, and no provision for bad debt was made.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (9) Other receivables (Cont'd)

(a) Other receivables analysed by ageing

	For the year ended 31 December 2024
Within 1 year	2,571,079
1 to 2 years	310,016
2 to 3 years	1,018,686
3 to 4 years	559,940
4 to 5 years	462,837
Over 5 years	1,330,236
Total	6,252,794

(b) Provision for bad debts

For the year ended 31 December 2024	Book balance		Provision for bad debts		Net book value
	Amount	Proportion (%)	Amount	ECL rates (%)	
Bad debts provision recognised on the individual basis	1,959,881	31	1,008,413	51	951,468
Bad debts provision recognised based on the grouping of credit risk characteristics	4,292,913	69	254,893	6	4,038,020
Total	6,252,794	100	1,263,306		4,989,488

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (9) Other receivables (Cont'd)

(b) Provision for bad debts (Cont'd)

For the year ended 31 December 2023	Book balance		Provision for bad debts		Net book value
	Amount	Proportion (%)	Amount	ECL rates (%)	
Bad debts provision recognised on the individual basis	2,635,895	35	1,297,003	49	1,338,892
Bad debts provision recognised based on the grouping of credit risk characteristics	4,791,486	65	214,989	4	4,576,497
Total	7,427,381	100	1,511,992		5,915,389

As at 31 December 2024, other receivables with provision for bad debts made on the individual basis were analysed as follows:

	2024			
	Book balance	Provision for bad debts	ECL rates(%)	Reason
Other receivables 1	793,781	489,763	62	(a)
Other receivables 2	274,169	126,118	46	(a)
Other receivables 3	222,344	26,733	12	(a)
Others	669,587	365,799	53-100	(b)
Total	1,959,881	1,008,413		

- (i) Expected to be partially uncollectible after considering the creditworthiness of the debtor and related credit enhancements.
- (ii) Expected to be partially or fully uncollectible.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (9) Other receivables (Cont'd)

#### (b) Provision for bad debts (Cont'd)

As at 31 December 2024, other receivables with provision for bad debts made on the grouping basis were analysed as follows:

Other receivables with provision for bad debts made on the grouping basis were in the Stage 1, mainly including deposits and guarantees, employee reserve fund, and other receivables. The Group calculated the expected credit losses by referring to historical credit loss experience, the current situation and forecasts of future economic conditions, taking into account the exposure at default and the expected credit loss rate within the next 12 months or over the entire life cycle. As at 31 December 2024, the book balance of the above-mentioned other receivables was RMB 4,292,913 thousand (31 December 2023: RMB 4,791,486 thousand), and the provision for bad debt was RMB 254,893 thousand (31 December 2023: RMB 214,989 thousand).

Movements in provision for bad debts of other receivables were as follows:

	Opening balance	Provision	Reversal	Changes in the scope of consolidation	Write-off	Closing balance
Provision for bad debts on the individual basis	1,297,003	108,571	(395,889)	(1,272)	-	1,008,413
Provision for bad debts on the grouping basis	214,989	45,025	-	-	(5,121)	254,893
Total	1,511,992	153,596	(395,889)	(1,272)	(5,121)	1,263,306

(c) other receivables from top five debtors in respect of outstanding balance were analysed as follows:

	Balance	% of the total balance of other receivables	Nature	Ageing	Closing balance of provision for bad debts
Other receivables 1	793,781	13	Purchase deposits	Over 3 years	489,763
Other receivables 2	401,154	6	Performance bond	Over 3 years	-
Other receivables 3	281,906	4	Purchase deposits	2 to 3 years	-
Other receivables 4	274,169	4	Purchase deposits	Over 3 years	126,118
Other receivables 5	222,344	4	Related party loans	2 to 3 years	26,733
Total	1,973,354	31			642,614

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (10) Financial assets purchased under resale agreements

	31 December 2024	31 December 2023
Classification of amounts under resale agreements by collaterals:		
- Corporate bonds	2,741,878	997,372
- Treasury bonds	163,228	138,248
	<u>2,905,106</u>	<u>1,135,620</u>

The Group considers the credit impairment risk of financial assets purchased under resale agreements to be low and in Stage 1, so no significant credit impairment loss has been recorded.

### (11) Inventories

(a) Inventories are summarised by categories

	31 December 2024			31 December 2023		
	Book balance	Provision for decline in the value of inventories	Net book value	Book balance	Provision for decline in the value of inventories	Net book value
Materials in transit	27,464	-	27,464	49,436	-	49,436
Raw materials	5,665,752	819,702	4,846,050	6,055,698	681,109	5,374,589
Self-produced semi-finished goods	683,362	95,019	588,343	936,356	94,922	841,434
Work in progress	19,435,366	1,039,814	18,395,552	13,585,883	1,210,676	12,375,207
Goods in stock	13,219,779	2,958,142	10,261,637	16,095,946	2,771,263	13,324,683
Repair accessories	353,771	-	353,771	324,942	-	324,942
Low-value consumables	33,057	281	32,776	67,496	280	67,216
Others	44,182	-	44,182	66,198	-	66,198
	<u>39,462,733</u>	<u>4,912,958</u>	<u>34,549,775</u>	<u>37,181,955</u>	<u>4,758,250</u>	<u>32,423,705</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (11) Inventories(Cont'd)

(b) Provision for decline in the value of inventories

	31 December 2023	Increase in the current year Provision	Decrease in the current year		Decrease due to disposal of subsidiaries	Differences on translation of foreign currency financial statements	31 December 2024
			Reversal	Write-off			
Raw materials	681,109	238,276	(89,911)	(6,624)	(478)	(2,670)	819,702
Self-produced semi-finished goods	94,922	32,769	(32,359)	(313)	-	-	95,019
Work in progress	1,210,676	981,163	(162,500)	(985,270)	(3,503)	(752)	1,039,814
Goods in stock	2,771,263	469,982	(140,465)	(138,280)	(2,066)	(2,292)	2,958,142
Low-value consumables	280	3	(2)	-	-	-	281
	<u>4,758,250</u>	<u>1,722,193</u>	<u>(425,237)</u>	<u>(1,130,487)</u>	<u>(6,047)</u>	<u>(5,714)</u>	<u>4,912,958</u>

The net realisable value of the Group's inventory is determined based on estimated selling price less the estimated costs to completion, contract fulfilling costs and estimated selling expenses and related taxes and expenses. The reversal of provision for decline in the value of inventories in the current period is due to the rising product price, and the write-off is due to the sales of inventories in the current period.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (12) Contract assets

#### (a) Contract assets

	31 December 2024	31 December 2023
Contract assets	37,248,108	36,731,233
Less: Provision for impairment of contract assets	1,603,904	1,611,312
Net book value of contract assets	35,644,204	35,119,921
Less: Contract assets included in other non-current assets (Note 5 (30))	14,369,065	13,206,524
Total	21,275,139	21,913,397

#### (b) Disclosure by methods of provision for impairment of contract assets

For the year ended 31 December 2024	Book balance		Impairment provision		Net book value
	Amount	Proportion (%)	Amount	ECL rates (%)	
Impairment provision recognised on the individual basis	1,092,688	3	805,112	74	287,576
Impairment provision recognised based on the grouping of credit risk characteristics	36,155,420	97	798,792	2	35,356,628
Total	37,248,108	100	1,603,904		35,644,204

For the year ended 31 December 2023	Book balance		Impairment provision		Net book value
	Amount	Proportion (%)	Amount	ECL rates (%)	
Impairment provision recognised on the individual basis	1,209,914	3	853,417	71	356,497
Impairment provision recognised based on the grouping of credit risk characteristics	35,521,319	97	757,895	2	34,763,424
Total	36,731,233	100	1,611,312		35,119,921

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (12) Contract assets (Cont'd)

*(b) Disclosure by methods of provision for impairment of contract assets(Cont'd)*

Contract assets with provision for impairment made on the individual basis were analysed as follows:

For contract assets, the Group measures the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component. The Group's contract assets with provision for impairment made on the individual basis were analysed as follows:

	For the year ended 31 December 2024			
	Book balance	Provision for impairment	Lifetime ECL rate	Reason for provision
Contract assets No.1	302,694	102,916	34%	(i)
Contract assets No.2	164,845	164,845	100%	(ii)
Contract assets No.3	157,067	122,009	78%	(ii)
Contract assets No.4	59,994	53,977	90%	(iii)
Others	408,088	361,365	6%-100%	(ii)
Total	1,092,688	805,112		

	For the year ended 31 December 2023			
	Book balance	Provision for impairment	Lifetime ECL rate	Reason for provision
Contract assets No.1	164,105	164,105	100%	(ii)
Contract assets No.2	161,407	124,749	77%	(iii)
Contract assets No.3	90,501	90,501	100%	(ii)
Others	793,901	474,062	6%-100%	(ii)
Total	1,209,914	853,417		

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (12) Contract assets (Cont'd)

#### (b) Disclosure by methods of provision for impairment of contract assets (Cont'd)

- (i) Overseas construction disputes.
- (ii) Due to the counterparty's financial distress, the receivables are estimated to be partially or fully uncollectible.
- (iii) As at 31 December 2024, the Group's contract assets relating to different subsidiaries within a third party group represented RMB 59,994 thousand (31 December 2023: RMB 161,407 thousand). The Group evaluated the distribution of expected cash flows under different scenarios based on historical recoverability, operating model, current situations and forecasts of future conditions of subsidiaries within the third party group under different conditions, and made corresponding provision for ECL of RMB 53,977 thousand according to ECL rate and the related probability weight under different scenarios (31 December 2023: RMB 124,749 thousand).

As at 31 December 2024, contract assets with provision for impairment made on the grouping basis were analysed as follows:

31 December 2024	Book balance	Provision for impairment	ECL rate
Not overdue	36,155,420	798,792	2%

31 December 2023	Book balance	Provision for impairment	ECL rate
Not overdue	35,521,319	757,895	2%

### (13) Current portion of non-current assets

	31 December 2024	31 December 2023
Current portion of long-term receivables (Note 5(18))	1,442,014	1,779,174
Loans and advances to customers	-	86,727
Others	109,030	110,884
Total	1,551,044	1,976,785



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (14) Other current assets

	31 December 2024	31 December 2023 (Restated)
Loans due within 1 year	1,753,732	1,052,455
Debt investments due within 1 year	9,583,703	8,345,826
Other debt investments due within 1 year	3,649,157	4,244,935
Input VAT to be offset	2,250,231	2,290,228
Prepaid VAT	963,398	532,765
Prepaid income tax	151,067	119,377
Others	505,790	736,617
Total	18,857,078	17,322,203

#### (a) Loans due within 1 year

	31 December 2024			31 December 2023		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Loans	1,829,100	75,368	1,753,732	1,127,800	75,345	1,052,455

Loans mainly represent those provided by the Finance Company to related parties within Electric Holdings.

As at 31 December 2024, there were no shareholders who held over 5% (inclusive) voting rights in the Company in the balance of loans due within 1 year (31 December 2023: Nil). The Group's balance of loans from other related parties is stated in Note 10.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (14) Other current assets (Cont'd)

#### (a) Loans due within 1 year (Cont'd)

Movement in the provision for impairment of loans is as follows:

	For the year ended 31 December 2024
Opening balance	75,345
Provision in the current year	23
Closing balance	75,368

Analysis on loans by guarantee is as follows:

	31 December 2024	31 December 2023
Guaranteed loans	1,829,100	1,127,800

As at 31 December 2024, the loans due within one year were guaranteed loans, with Electric Holdings acting as the guarantor.

Movement in the provision for impairment of loans is as follows:

	Stage 1		Stage 2		Stage 3	
	12-month ECL		Lifetime ECL		Lifetime ECL (credit impaired)	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Opening balance	-	-	1,127,800	75,345	-	-
Net increase/(decrease) in the current year	1,829,100	75,368	(1,127,800)	(75,345)	-	-
Net transfer in the current year	(372,000)	(26,111)	372,000	26,111	-	-
Closing balance	1,457,100	49,257	372,000	26,111	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (14) Other current assets (Cont'd)

(a) Loans due within 1 year (Cont'd)

(i) As at the balance date, provision for bad debts of short-term loans in Stage 1 was analysed as follows:

	31 December 2024		
	Book balance	12-month ECL rate	Provision for bad debts
Stage 1	1,457,100	3.38%	49,257

	31 December 2023		
	Book balance	12-month ECL rate	Provision for bad debts
Stage 1	-	-	-

(ii) As at the balance date, provision for bad debts of short-term loans in Stage 2 was analysed as follows:

	31 December 2024		
	Book balance	Lifetime ECL rate	Provision for bad debts
Stage 2	372,000	7.02%	26,111

	31 December 2023		
	Book balance	Lifetime ECL rate	Provision for bad debts
Stage 2	1,127,800	6.68%	75,345

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (14) Other current assets (Cont'd)

#### *(b) Debt investments due within 1 year*

As at 31 December 2024, the Group considered the risk of credit impairment on debt investments due within 1 year to be low, all of which were in Stage 1. Thus, no significant provision for credit losses was made.

Debt investments due within 1 year are interbank certificates of deposit measured at amortized cost. These instruments offer higher yields when held to maturity despite their relatively low liquidity. As such, management plans to maintain these positions until maturity to capture their full contractual cash flows.

#### *(c) Other debt investments due within 1 year*

	31 December 2024	31 December 2023
Interbank deposits	3,649,157	4,244,935

The Group considered the risk of credit impairment on other debt investments due within 1 year to be low, all of which were in Stage 1. Thus, no significant provision for credit losses was made.

Other debt investments due within 1 year are interbank certificates of deposit measured at fair value through other comprehensive income. Such interbank certificates of deposit are highly liquid in the market and the return on sale is higher than that of held-to-maturity, so the management intends to sell them to realize income.

As at 31 December 2024, the Group has no proceeds from financial assets sold under repurchase agreements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (15) Loans and advances to customers

	31 December 2024			31 December 2023		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Loans and advances to customers	9,035,285	340,287	8,694,998	7,820,625	363,831	7,456,794
Less: Loans due within 1 year	-	-	-	93,000	6,273	86,727
	<u>9,035,285</u>	<u>340,287</u>	<u>8,694,998</u>	<u>7,727,625</u>	<u>357,558</u>	<u>7,370,067</u>

Loans and advances to customers are loans provided by the Finance Company to related parties within Electric Holdings. The Group's balance of loans from other related parties is stated in Note 10.

Movement in the provision for impairment of loans and advances (including the current portion) is as follows:

	2024
Opening balance	363,831
Reversal	(23,544)
Closing balance	<u>340,287</u>

Loans and advances (including the current portion) are analysed based on guarantee method:

	31 December 2024	31 December 2023
Credit loans	3,861,750	4,578,750
Guaranteed loans	<u>5,173,535</u>	<u>3,241,875</u>
Total	<u>9,035,285</u>	<u>7,820,625</u>

Movement in the provision for impairment of loans and advances (including the current portion) is as follows:

	Stage 1		Stage 2		Stage 3	
	12-month ECL		Lifetime ECL		Lifetime ECL (Credit impaired)	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Opening balance	4,578,750	145,146	3,241,875	218,685	-	-
Net (decrease) / increase in the current year	(1,168,140)	(191,060)	2,382,800	167,516	-	-
Net transfer in the current year	<u>2,877,000</u>	<u>193,340</u>	<u>(2,877,000)</u>	<u>(193,340)</u>	-	-
Closing balance	<u>6,287,610</u>	<u>147,426</u>	<u>2,747,675</u>	<u>192,861</u>	-	-

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (15) Loans and advances to customers (Cont'd)

As at 31 December 2024, the provision for bad debts of loan and advances (including the current portion) on grouping basis was analysed as below:

	Stage 1			Stage 2		
	Book balance	12-month ECL rate	Provision for bad debts	Book balance	Lifetime ECL rate	Provision for bad debts
Provision on grouping basis	6,287,610	2.34%	147,426	-	-	-

As at 31 December 2023, the provision for bad debts of loan and advances (including the current portion) on grouping basis was analysed as below:

	Stage 1			Stage 2		
	Book balance	12-month ECL rate	Provision for bad debts	Book balance	Lifetime ECL rate	Provision for bad debts
Provision on grouping basis	4,578,750	3.17%	145,146	-	-	-

As at 31 December 2024, the provision for bad debts of loan and advances (including the current portion) on individual basis was analysed as below:

	Stage 1			Stage 2		
	Book balance	Lifetime ECL rate	Provision for bad debts	Book balance	Lifetime ECL rate	Provision for bad debts
Provision on individual basis	-	-	-	2,747,675	7.02%	192,861

As at 31 December 2023, the provision for bad debts of loan and advances (including the current portion) on individual basis was analysed as below:

	Stage 1			Stage 2		
	Book balance	Lifetime ECL rate	Provision for bad debts	Book balance	Lifetime ECL rate	Provision for bad debts
Provision on individual basis	-	-	-	3,241,875	6.75%	218,685

As at 31 December 2024, the Group had no loans and advances to customers in Stage 3.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (16) Debt investments

#### (a) Status of debt investments

	31 December 2024	31 December 2023
Treasury bonds	152,331	152,570

#### (b) Significant debt investment

	Par value	Nominal interest rate	Effective interest rate	Maturity date
21 treasury bonds with interest payable	150,000	2.89%	2.67%	18 November 2031

As at 31 December 2024, the counterparties of the bonds held by the Group had robust repayment ability and lower default risk. The Group regarded these debt investments as financial instruments with lower credit risks. Thus, no provision for significant credit losses was made.

In 2024, the Group did not write off debt investments.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (17) Other debt investments

	31 December 2024	31 December 2023
Investments in debt instruments - Interbank deposits and bonds	4,017,588	4,244,935
Including:		
- Costs	3,999,576	4,205,790
- Accumulated changes in fair value	18,012	39,145
Less: Other debt investments presented in other current assets (Note 5 (14))	3,649,157	4,244,935
	368,431	-

As at 31 December 2024, the Group expected that the risk exposure of such debt instrument investments was low. Thus, no provision for significant credit losses was made.

The Group's debt instrument investments primarily consist of bonds and negotiable certificates of deposit. Management classifies these investments as financial assets measured at fair value with changes recognised in other comprehensive income, based on their intention to either collect contract cash flows or sell the financial assets, depending on market conditions.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (18) Long-term receivables

(a) Status of debt investments

	31 December 2024			31 December 2023		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Finance lease and sale-leaseback receivables	4,164,577	1,735,108	2,429,469	4,835,537	1,379,141	3,456,396
Loans receivable from related parties (Note 10 (6))	1,824,821	604,617	1,220,204	1,790,867	595,726	1,195,141
Others	170,680	45,716	124,964	220,074	25,244	194,830
	6,160,078	2,385,441	3,774,637	6,846,478	2,000,111	4,846,367
Less: Current portion of long-term receivables (Note 5 (13))	2,745,934	1,303,920	1,442,014	3,125,928	1,346,754	1,779,174
Total	3,414,144	1,081,521	2,332,623	3,720,550	653,357	3,067,193

Finance lease and sale-leaseback receivables

	31 December 2024	31 December 2023
Finance lease receivables	3,835,591	4,396,037
Less: Unrealised financing income	848,263	934,209
Balance of finance lease receivables	2,987,328	3,461,828
Receivables for sale-leaseback	1,177,249	1,373,709
Finance lease and sale-leaseback receivables - net	4,164,577	4,835,537
Less: Provision for bad debts	1,735,108	1,379,141
Net value of finance lease and sale-leaseback receivables	2,429,469	3,456,396
Less: Current portion of finance lease and sale-leaseback receivables	1,424,936	1,738,860
Total	1,004,533	1,717,536

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (18) Long-term receivables (Cont'd)

#### (a) Status of debt investments (Cont'd)

The maturity dates of finance lease receivables are analysed below:

	31 December 2024	31 December 2023
Within 1 year	1,821,197	2,494,836
1 to 2 years	564,677	514,434
2 to 3 years	483,474	425,811
Over 3 years	966,243	960,956
Total	3,835,591	4,396,037

#### (b) Status of provision for bad debts

Movements in the provision for bad debts of long-term receivables (including the current portion) are as follows:

	31 December 2023	Increase in the current year	Decrease in the current year	31 December 2024
Provision for bad debts	2,000,111	420,657	(35,327)	2,385,441

Movements in the loss provision of finance lease and sale-leaseback receivables (including the current portion)

	Stage 1		Stage 2		Stage 3	
	12-month ECL		Lifetime ECL		Lifetime ECL	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
31 December 2023	798,240	17,000	321,798	27,474	3,715,499	1,334,667
Net increase/(decrease) in the current year	363,799	6,536	(162,946)	(14,039)	(871,813)	(193,333)
Transfer in the current year						
Transfer from Stage 1 to Stage 2	(722,813)	(17,500)	722,813	17,500	-	-
Transfer from Stage 1 to Stage 3	(41,279)	(999)	-	-	41,279	999
Transfer from Stage 2 to Stage 3	-	-	(80,694)	(6,952)	80,694	6,952
Increase in provision (Note 1)	-	377	-	45,649	-	510,777
31 December 2024	397,947	5,414	800,971	69,632	2,965,659	1,660,062

Note 1: The item mainly includes the probability of default caused by the regular update of the model parameters, the default exposure, the change of the default loss rate and the impact of the phase change on the measurement of ECL.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (18) Long-term receivables (Cont'd)

(b) Status of provision for bad debts (Cont'd)

(i) The provision for bad debts of finance lease and sale-leaseback receivables (including the current portion) in Stage 1 was analysed as below:

	31 December 2024			31 December 2023		
	Book balance	12-month ECL rates	Provision for bad debts	Book balance	12-month ECL rates	Provision for bad debts
Provision on grouping basis:						
Finance lease and sale-leaseback receivables (including the current portion)	397,947	0.1%-3%	5,414	798,240	0.1%-3%	17,000

(ii) The provision for bad debts of finance lease and sale-leaseback receivables (including the current portion) in Stage 2 was analysed as below:

	31 December 2024			31 December 2023		
	Book balance	Lifetime ECL rates	Provision for bad debts	Book balance	Lifetime ECL rates	Provision for bad debts
Provision on grouping basis:						
Finance lease and sale-leaseback receivables (including the current portion)	800,971	4%-14%	69,632	321,798	4%-14%	27,474

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (18) Long-term receivables (Cont'd)

#### (b) Status of provision for bad debts (Cont'd)

(iii) As at 31 December 2024, the provision for bad debts of finance lease and sale-leaseback receivables (including the current portion) in Stage 3 was analysed as below:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Finance lease receivables 1	923,518	56%	515,288	Unrecoverable in full by estimation
Finance lease receivables 2	710,495	32%	227,013	Unrecoverable in full by estimation
Finance lease receivables 3	125,208	100%	125,208	Unrecoverable by estimation
Others	1,206,438	17%~100%	792,553	Unrecoverable in full by estimation
Total	2,965,659		1,660,062	

As at 31 December 2023, the provision for bad debts of finance lease and leaseback receivables (including the current portion) in Stage 3 was analysed as below:

	Book balance	Lifetime ECL rate	Provision for bad debts	Reason
Finance lease receivables 1	923,518	24%	223,010	Unrecoverable in full by estimation
Finance lease receivables 4	278,884	41%	114,678	Legal disputes exist, unrecoverable in full by estimation
Finance lease receivables 3	168,726	76%	128,307	Legal disputes exist, unrecoverable in full by estimation
Others	2,344,371	17%~100%	868,672	Unrecoverable in full by estimation
Total	3,715,499		1,334,667	

(e) As at 31 December 2024 and 31 December 2023, the Group did not enter into long-term receivables factoring contracts with recourse to obtain bank borrowings.

### (19) Long-term equity investments

	31 December 2024	31 December 2023 (Restated)
Joint ventures (a)	5,013,188	4,792,950
Associates (b)	9,315,151	9,185,971
	14,328,339	13,978,921
Less: Provision for impairment of long-term equity investments	511,701	166,627
Total	13,816,638	13,812,294



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (19) Long-term equity investments (Cont'd)

(a) Status of long-term equity investments

	Movements in the current year							Closing balance	Shareholding (%)	Year-end impairment allowance
	Opening balance (Restated)	Increase in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends or profits declared	Provision for impairment			
(a) Joint ventures										
Shanghai Fanuc Robotics Co., Ltd.	2,669,651	-	321,946	-	-	(262,473)	-	2,729,124	50.00	-
Shanghai Yun Zhong Xin Enterprise Development Co., Ltd. (i)	646,143	-	(25,088)	-	-	-	-	621,055	55.00	-
Shanghai Fanuc Intelligent Machines Co., Ltd.	451,081	-	148,305	-	-	(50,608)	-	548,778	49.00	-
Shanghai Yun Hong Enterprise Development Co., Ltd.	297,000	-	-	-	-	-	-	297,000	45.00	-
Shanghai Yun Hui Enterprise Development Co., Ltd. (ii)	221,123	-	(355)	-	-	-	-	220,768	60.00	-
Others	507,952	58,000	30,761	-	-	(250)	-	596,463	-	-
Subtotal	4,792,950	58,000	475,569	-	-	(313,331)	-	5,013,188	-	-

Please refer to Note 7 (2) for information related to equity in joint ventures.

- (i) Shanghai Electric Group Property Company Limited, one of the subsidiaries of the Group, holds 55% of the shares in Shanghai Yun Zhong Xin Enterprise Development Co., Ltd. According to the articles of association of Shanghai Yun Zhong Xin Enterprise Development Co., Ltd., major financial and business decisions of the company must be unanimously voted by all shareholders, so it is accounted as a joint venture.
- (ii) Shanghai Electric Group Property Company Limited, one of the subsidiaries of the Group, holds 60% of the shares in Shanghai Yun Hui Enterprise Development Co., Ltd. According to the articles of association of Shanghai Yun Hui Enterprise Development Co., Ltd., major financial and business decisions of the company must be unanimously voted by all shareholders, so it is accounted as a joint venture.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (19) Long-term equity investments (Cont'd)

#### (a) Status of long-term equity investments (Cont'd)

	Movements in the current year									31 December 2024	Shareholding (%)	Year-end impairment allowance
	31 December 2023 (Restated)	Increase in investments	Decrease in investments	Share of net profit/ (loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends or profits declared	Provision for impairment	Others			
(b) Associates												
Shanghai Mitsubishi Electric Shangling Air Conditioner Electric Co., Ltd.	673,711	-	-	(1,217)	-	-	(8,480)	-	-	664,014	47.60	-
Ideal Wanlihui Semiconductor Equipment (Shanghai) Co., Ltd. (i)	643,597	-	-	(47,298)	-	-	-	-	(10,258)	586,041	12.00	-
Shanghai Rail Traffic Equipment Development Co., Ltd.	580,974	-	-	9,319	-	-	-	-	-	590,293	49.00	-
Shanghai Jintai Engineering Machinery Co., Ltd.	556,693	-	-	14,898	-	-	(1,490)	-	-	570,101	49.00	-
Mitsubishi Electric Shanghai Mechanical & Electrical Elevator Co., Ltd.	494,508	-	-	20,154	-	-	(17,800)	-	-	496,862	40.00	-
Shanghai Electric Investment (Dubai) Co., Ltd.	477,339	-	-	-	-	-	-	-	10,441	487,780	39.20	-
Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.	379,941	-	-	154,228	-	-	(65,400)	-	-	468,769	30.00	-
Haitong UniFortune International Leasing Co., Ltd. (ii)	372,508	-	-	34,094	-	-	(35,117)	-	8,432	379,917	2.03	25,722
Shanghai Ri Yong – JEA Gate Electric Co., Ltd.	278,774	-	-	28,985	-	-	(44,965)	-	-	262,794	30.00	-
Shanghai Zhangjiang Science and Technology Petty Loan Co., Ltd.	233,818	-	-	(145)	-	-	-	-	-	233,673	24.00	-
Siemens High Voltage Switchgear Co., Ltd. Shanghai	203,221	-	-	132,667	-	-	(119,895)	-	-	215,993	49.00	-
Zhejiang Zhuji Lianchuang Yongjun Equity Investment Partnership (Limited Partnership)	188,585	-	-	(26)	-	-	-	-	-	188,559	40.00	-
Shanghai Siemens Switchgear Co., Ltd.	193,893	-	-	114,097	-	-	(107,968)	-	-	200,022	45.00	-
Nanjing Panneng Power Technology Co., Ltd.	167,112	-	-	7,265	-	-	(12,500)	-	-	161,877	25.00	-
Nabtesco (China) Precision Machine Co., Ltd.	155,999	-	-	11,965	-	-	(4,251)	-	-	163,713	33.00	-
SEC Alstom (Shanghai Baoshan) Transformers Co., Ltd.	135,873	-	-	3,556	-	-	-	-	-	139,429	50.00	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (19) Long-term equity investments (Cont'd)

(a) Status of long-term equity investments (Cont'd)

	Movements in the current year									31 December 2024	Shareholding (%)	Year-end impairment allowance
	31 December 2023 (Restated)	Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends or profits declared	Provision for impairment	Others			
Shanghai Nabtesco Hydraulic Co., Ltd.	135,224	-	-	18,648	-	-	(5,252)	-	-	148,620	30.00	-
KSB Shanghai Pumps Co., Ltd.	128,705	-	-	17,778	-	-	(15,000)	-	-	131,483	20.00	-
Legend Electric (Shenyang) Co., Ltd.	125,571	-	-	105,129	-	-	(54,950)	-	-	175,750	35.00	-
Shanghai Danfoss Hydrostatic Transmission Co., Ltd.	121,829	-	-	23,080	-	-	(30,707)	-	-	114,202	40.00	-
Shanghai Voith Hydropower Equipment Co., Ltd.	113,912	-	-	8,868	-	-	(6,117)	-	-	116,663	20.00	-
Shanghai Linxuan Enterprise Development Co., Ltd.	98,000	-	-	23	-	-	-	-	-	98,023	49.00	-
Zhongfu Lianzhong Wind Power Technology Co., Ltd.	97,348	-	-	(16,611)	-	-	-	-	-	80,737	40.00	-
Shanghai Marathon Innovation Electric Co., Ltd.	94,981	-	-	18,083	-	-	(35,702)	-	-	77,362	45.00	-
Shanghai ABB Motor Co., Ltd.	89,647	-	-	37,625	-	-	(20,436)	-	-	106,836	25.00	-
Shanghai Schneider Power Distribution Electrical Apparatus Co., Ltd.	85,298	-	-	101,591	-	-	(114,680)	-	-	72,209	20.00	-
Shanghai Clyde Bergemann Machinery Co., Ltd.	81,509	-	-	1,414	-	-	(4,995)	-	-	77,928	30.00	-
Shanghai Hitachi Energy Power Transformer Co., Ltd.	63,830	-	-	14,888	-	-	(14,733)	-	-	63,985	49.00	-
Shanghai Schneider Industrial Control Co., Ltd.	53,210	-	-	32,941	-	-	(42,796)	-	-	43,355	20.00	-
Shanghai Nata New Material Technology Co., Ltd.	47,718	10,000	-	(3,914)	-	-	-	-	-	53,804	20.00	-
Others	1,946,016	276,374	(108,760)	13,875	-	(17,651)	(122,481)	(344,525)	(10,192)	1,632,656		485,979
Subtotal	9,019,344	286,374	(108,760)	855,960	-	(17,651)	(885,715)	(344,525)	(1,577)	8,803,450		511,701
Total	13,812,294	344,374	(108,760)	1,331,529	-	(17,651)	(1,199,046)	(344,525)	(1,577)	13,816,638		511,701

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (19) Long-term equity investments (Cont'd)

#### (a) Status of long-term equity investments (Cont'd)

Please refer to Note 7(2) for related information on interests in associates.

- (i) Although Shanghai Electric Group Automation Engineering Co., Ltd., a subsidiary of the Group, holds 12.00% of shares in Ideal Wanlihui Semiconductor Equipment (Shanghai) Co., Ltd, the Group has the right to appoint directors to exert significant influence on the company, so it is accounted as an associate.
- (ii) Although Shanghai Electric Hong Kong Co., Ltd., a subsidiary of the Group, holds 2.03% of shares in Haitong UniFortune International Leasing Co., Ltd, the Group has appointed directors to exert significant influence on the company, so it is accounted as an associate.

### (20) Other non-current financial assets

	31 December 2024	31 December 2023
Equity investments in unlisted companies (a)	5,038,660	5,190,472
Stock and fund investments (b)	795,582	1,604,695
Bond investments	601,174	543,945
Total	6,435,416	7,339,112

#### (a) The equity investments in unlisted companies held by the Group mainly include:

Company	31 December 2024	31 December 2023	Shareholding ratio	Cash dividends in the current year
Company 1	1,742,350	1,701,350	2.02%	9,256
Company 2	2,117,900	2,122,562	19.00%	45,600
Others	1,178,410	1,366,560		1,436
Total	5,038,660	5,190,472		56,292

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (20) Other non-current financial assets (Cont'd)

(b) The stocks and fund investments held by the Group mainly include:

Stock & fund	Total market capitalisation	31 December 2024	31 December 2023
Stock 1	55.141 billion	133,480	134,976
Stock 2	13.254 billion	45,840	48,469
Stock 3	129.991 billion	44,437	28,993
Stock 4	46.445 billion	25,666	17,377
Stock 5	45.323 billion	-	884,488
Others		546,159	490,392
Total		795,582	1,604,695

The above stocks and fund investments are included in other non-current financial assets since the Group plans to hold them on long-term basis.

### (21) Investment properties

(a) The Group applies cost model to measure its investment properties:

	31 December 2023	Transfer from fixed assets	Transfer from intangible assets	Additions due to acquisition of subsidiaries	Increase in the current year	Transfer to fixed assets	Decrease in the current year	31 December 2024
Cost	1,765,490	75,732	14,612	485,604	-	(32,159)	(54,100)	2,255,179
Accumulated depreciation	1,156,419	21,918	6,624	-	74,140	(6,072)	(41,292)	1,211,737
Provision for impairment	273	-	-	-	-	-	-	273
Net book value	608,798							1,043,169

As at 31 December 2024, the carrying amounts of investment properties leased to associates and third parties were RMB 86,507 thousand and RMB 956,662 thousand, respectively. They are mainly used for their production and operation, and the Group conducts daily maintenance and management of the investment properties.

All the investment properties mentioned above are located within the People's Republic of China and are utilized for operational commercial leasing. The property rights certificates for the Group's investment properties have terms ranging from 20 to 70 years and are suitable for medium- to long-term leasing.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (22) Fixed assets

As at 31 December 2024, the Group's fixed assets were buildings, machinery and equipment, motor vehicles, and office equipment and others.

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Total
Cost					
31 December 2023	18,212,179	20,825,981	478,915	2,359,720	41,876,795
Purchase	348,337	660,354	18,043	108,091	1,134,825
Transfer from construction in progress	336,989	1,275,434	10,831	53,192	1,676,446
Transfer from investment properties	32,159	-	-	-	32,159
Disposal and retirement	(34,040)	(638,047)	(34,888)	(116,931)	(823,906)
Decrease due to disposal of subsidiaries	(3,106)	(52,654)	(951)	(3,254)	(59,965)
Transfer to investment properties	(75,732)	-	-	-	(75,732)
Differences on translation of foreign currency financial statements	(21,028)	(68,636)	(426)	(39,271)	(129,361)
31 December 2024	18,795,758	22,002,432	471,524	2,361,547	43,631,261

#### Accumulated depreciation

31 December 2023	5,914,879	13,032,303	385,658	1,517,437	20,850,277
Provision	622,159	1,164,754	26,083	194,049	2,007,045
Transfer from investment properties	6,072	-	-	-	6,072
Disposal and retirement	(23,153)	(524,656)	(31,671)	(103,067)	(682,547)
Decrease due to disposal of subsidiaries	(101)	(10,856)	(645)	(2,889)	(14,491)
Transfer to investment properties	(21,918)	-	-	-	(21,918)
Differences on translation of foreign currency financial statements	(10,832)	(44,350)	(334)	(15,613)	(71,129)
31 December 2024	6,487,106	13,617,195	379,091	1,589,917	22,073,309

#### Provision for impairment

31 December 2023	459,196	136,161	544	3,305	599,206
Provision	22,704	71,571	15	435	94,725
Disposal and retirement	-	(28,633)	(34)	(2,917)	(31,584)
Decrease due to disposal of subsidiaries	-	(1,004)	(2)	(22)	(1,028)
31 December 2024	481,900	178,095	523	801	661,319

#### Carrying amount

31 December 2024	11,826,752	8,207,142	91,910	770,829	20,896,633
31 December 2023	11,838,104	7,657,517	92,713	838,978	20,427,312



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (22) Fixed assets (Cont'd)

As at 31 December 2024, the Group pledged fixed assets with a carrying amount of RMB 664,318 thousand as collateral for long-term borrowings (31 December 2023: RMB 513,652 thousand). (Note 5 (45))

As at December 31, 2024, the book value of buildings without completed property ownership certificates amounted to RMB 1,183,815 thousand (31 December, 2023: RMB 1,331,483 thousand). The Group is in the process of completing the relevant title registration procedures. Management believes there are no substantial legal obstacles to obtaining the property certificates for the aforementioned assets. The Group has the legal right to legitimately and effectively possess, utilize, or dispose of these fixed assets, and such matters will have no material adverse impact on the Group's operations.

As at 31 December 2024, the Group had no significant fixed assets leased out through operating leases.

### (23) Construction in progress

(a) Status of construction in progress

	31 December 2024			31 December 2023		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Jinsha River Branch Road No. 200 Project	972,531	-	972,531	518,330	-	518,330
Gaotai Shangdian Wind Power Project	930,414	-	930,414	48,135	-	48,135
Others	1,942,880	68,126	1,874,754	1,777,515	409,908	1,367,607
Total	3,845,825	68,126	3,777,699	2,343,980	409,908	1,934,072

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (23) Construction in progress (Cont'd)

#### (b) Movements in construction in progress

Project name	31 December 2023	Increase in the current year	Transfer to fixed assets in the current year	Decrease due to disposal of subsidiaries	Differences on translation of foreign currency financial statements	31 December 2024
Jinsha River Branch Road No. 200 Project	518,330	454,201	-	-	-	972,531
Gaotai Shangdian Wind Power Project	48,135	882,279	-	-	-	930,414
Others	1,777,515	2,318,474	(1,676,446)	(472,523)	(4,140)	1,942,880
Total	2,343,980	3,654,954	(1,676,446)	(472,523)	(4,140)	3,845,825

#### (c) Budget of major construction in progress

Project name	Budget	Project investment as a proportion of budget(%)	Project progress (%)	Accumulated amount of capitalised borrowing costs	Including: Capitalised borrowing costs in the current year	Capitalised rate in the current year (%)	Source of funds
Jinsha River Branch Road No. 200 Project	2,612,870	61	61	28,969	20,570	3.65	Self-owned and financing
Gaotai Shangdian Wind Power Project	1,081,540	96	96	11,754	10,389	2.49	Self-owned and financing

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (24) Right-of-use assets

	Buildings	Machinery and equipment	Motor vehicles	Computers and electronic equipment	Land use rights	Total
Cost						
Opening balance	2,164,302	114,697	75,938	14,035	90,838	2,459,810
Increase in the current year	590,265	393,061	27,140	8,604	-	1,019,070
Change of lease contracts	(335,053)	(20,206)	(3,316)	-	-	(358,575)
Differences on translation of foreign currency financial statements	(21,182)	(5,229)	(3,831)	(925)	-	(31,167)
Closing balance	2,398,332	482,323	95,931	21,714	90,838	3,089,138
Accumulated depreciation						
Opening balance	942,619	22,669	42,484	11,658	18,254	1,037,684
Provision	438,685	15,211	18,458	6,024	8,297	486,675
Change of lease contracts	(318,144)	(4,276)	(3,169)	-	-	(325,589)
Differences on translation of foreign currency financial statements	(6,292)	(2,344)	(2,165)	(711)	-	(11,512)
Closing balance	1,056,868	31,260	55,608	16,971	26,551	1,187,258
Provision for impairment						
Opening balance	11,842	-	-	-	-	11,842
Closing balance	11,842	-	-	-	-	11,842
Carrying amount						
At end of year	1,329,622	451,063	40,323	4,743	64,287	1,890,038
At beginning of year	1,209,841	92,028	33,454	2,377	72,584	1,410,284

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (25) Intangible assets

	Land use rights	Franchise	Patent and license	Technology transfer fee	Computer software and others	Total
Cost						
Opening balance	6,551,350	6,340,787	1,885,425	859,525	719,378	16,356,465
Purchase	277,422	209,137	53,699	20,241	80,040	640,539
Transfer from development expenditure	-	-	-	-	31,167	31,167
Disposal and retirement	(257,989)	(69,319)	(12,019)	-	(18,935)	(358,262)
Decrease due to disposal of subsidiaries	(14,038)	-	(11,790)	-	(1,045)	(26,873)
Transfer to investment property	(14,612)	-	-	-	-	(14,612)
Differences on translation of foreign currency financial statements	-	-	(2,871)	(1,489)	(8,796)	(13,156)
Closing balance	6,542,133	6,480,605	1,912,444	878,277	801,809	16,615,268
Accumulated amortisation						
Opening balance	1,438,772	694,671	644,244	709,622	499,796	3,987,105
Provision	188,129	181,497	117,429	32,314	27,073	546,442
Disposal and retirement	(4,603)	(12,078)	(10,802)	-	(3,032)	(30,515)
Decrease due to disposal of subsidiaries	(1,849)	-	(3,341)	-	(19)	(5,209)
Transfer to investment property	(6,624)	-	-	-	-	(6,624)
Differences on translation of foreign currency financial statements	-	-	(1,170)	(1,104)	(6,419)	(8,693)
Closing balance	1,613,825	864,090	746,360	740,832	517,399	4,482,506
Provision for impairment						
Opening balance	5,939	-	90,438	-	16,170	112,547
Provision	916	-	-	-	-	916
Decrease in disposal of subsidiaries	-	-	(1,218)	-	-	(1,218)
Closing balance	6,855	-	89,220	-	16,170	112,245
Carrying amount						
At end of year	4,921,453	5,616,515	1,076,864	137,445	268,240	12,020,517
At beginning of year	5,106,639	5,646,116	1,150,743	149,903	203,412	12,256,813

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (25) Intangible assets (Cont'd)

As at 31 December 2024, the Group pledged the intangible assets with a carrying amount of RMB 1,082,716 thousand as collateral for long-term borrowings (31 December 2023: RMB 1,332,612 thousand) (Note 5 (45)).

As at 31 December 2024, the Group had no land use rights of which a land use rights certificate was not obtained (31 December 2023: Nil).

As at 31 December 2024, intangible assets arising from internal research and development account for 0.26% of the intangible assets balance.

### (26) Development expenditures

The movements of the Group's development expenditures qualifying for capitalisation in 2024 are analysed as follows:

	31 December 2023	Increase in the current year	Transfer to intangible assets	31 December 2024
System construction for the Group's unified organizational structure	8,811	-	(8,811)	-
Development of Production and Construction Technologies for Prestressed Concrete Tower Segments in Wind Power Generation	5,214	-	-	5,214
Industry Industrial Internet Platform for High-end Equipment	4,091	183	-	4,274
Research on the Development and Application of Intelligent Electronic Rail Transit Systems	3,600	-	(3,600)	-
Others	9,945	29,205	(18,756)	20,394
	<u>31,661</u>	<u>29,388</u>	<u>(31,167)</u>	<u>29,882</u>

As at 31 December 2024, the balance of the Group's development expenditures was RMB 29,882 thousand (31 December 2023: RMB 31,661 thousand). For the year ended 31 December 2024, the development expenditures of the Group were recognised as intangible assets of RMB 31,167 thousand (2023: RMB 15,724 thousand).

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (27) Goodwill

(a) The original value of goodwill

	31 December 2023	Decrease in the current year	Differences on translation of foreign currency financial statements	31 December 2024
Shenzhen Yinghe Technology Co., Ltd.	1,497,236	-	-	1,497,236
Nedschroef	1,499,176	-	(63,616)	1,435,560
Broetje-AutomationGmbH	1,097,364	-	(46,566)	1,050,798
Others	1,233,389	(278,538)	-	954,851
Total	5,327,165	(278,538)	(110,182)	4,938,445

(b) Provision for impairment on goodwill

	31 December 2023	Increase in the current year	Decrease in the current year	Differences on translation of foreign currency financial statements	31 December 2024
Broetje-AutomationGmbH	633,954	-	-	(26,905)	607,049
Nedschroef	309,888	-	-	(13,150)	296,738
Shenzhen Yinghe Technology Co., Ltd.	253,997	-	-	-	253,997
Others	884,397	254,042	(278,538)	-	859,901
Total	2,082,236	254,042	(278,538)	(40,055)	2,017,685

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (27) Goodwill (Cont'd)

*(b) Provision for impairment on goodwill(Cont'd)*

For the year ended 31 December 2024, there has been no changes in asset groups or asset portfolios. The goodwill is summarised by operating segments (Note 14) as follows:

		31 December 2024		
Operating segment	Subdivision	Cost	Impairment	Net value
Industrial equipment	Industrial basic parts	1,506,637	324,969	1,181,668
	Intelligent manufacturing equipment	1,050,798	607,052	443,746
	Large and medium-sized motors	10,060	-	10,060
	Others	4,405	4,405	-
Energy equipment	Energy storage	1,546,716	303,476	1,243,240
	Power grid	155,036	155,036	-
	Power transmission and distribution	18,331	18,331	-
Integration service	Engineering and Service	611,509	604,416	7,093
	Industrial internet	26,269	-	26,269
	Power transmission and distribution	7,651	-	7,651
	Property management services	1,033	-	1,033
Total		4,938,445	2,017,685	2,920,760



## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (27) Goodwill (Cont'd)

#### (c) Impairment testing of goodwill

The main assumptions applied in calculating discounted future cash flows are as follows:

2024	Industrial Basic Parts	Intelligent manufacturing equipment	Environmental Engineering and Service
Growth rates in the forecast period	0%-66.00%	-3.82%-1.92%	2%-16%
Growth rates in the stable period	1.5%-2.0%	1.80%	-
Gross margin	15.46%-60.0%	20.5%-22.9%	37%-76%
Pre-tax discount rates	13.00%-14.0%	13.70%	11.40%

2023	Industrial Basic Parts	Intelligent manufacturing equipment	Environmental Engineering and Service
Growth rates in the forecast period	-22.75%-29.96%	1.24%-3.63%	3%-134%
Growth rates in the stable period	1.5%-2.0%	1.80%	-
Gross margin	15.47%-56.0%	19.90%-23.44%	22%-62%
Pre-tax discount rates	13.51%-14.0%	13.99%	8.92%

The Group determines revenue growth rate and gross profit margin based on historical experience and market development projections. The steady-state growth rate is the weighted average growth rate applied to cash flows from the Group's three-to-five-year budget forecasts, which does not exceed the long-term average growth rates for respective products as stated in industry reports. The discount rate is a pre-tax rate reflecting the specific risks associated with the relevant asset groups or portfolios.

Goodwill arising from merger of Yinghe Technology, which is in the operating segment of energy equipment, amounted to RMB 1,497,236 thousand. For the year ended 31 December 2024, while determining the recoverable amount of the asset group of Yinghe Technology, management estimated its fair value, net of disposal costs, based on adjusted Yinghe Technology's stock price. As at 31 December 2024, management conducted a goodwill impairment test for the asset group of Yinghe Technology, and concluded that there was no need to make provision for impairment of goodwill.

### (28) Long-term prepaid expenses

	Opening balance	Increase in the current year	Amortisation in the current year	Other decreases	Closing balance
Renovation expenditures	193,327	58,518	(52,731)	-	199,114
Decoration expenditures	107,110	57,428	(53,961)	(5,082)	105,495
Improvements to fixed assets held under leases	45,086	-	(2,996)	(7,225)	34,865
Others	158,622	96,920	(63,849)	(57,763)	133,930
Total	504,145	212,866	(173,537)	(70,070)	473,404

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (29) Deferred tax assets and deferred tax liabilities

#### (a) Deferred tax assets before offsetting

	31 December 2024		31 December 2023	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Asset impairment and provisions	24,758,322	4,883,543	25,239,255	4,938,886
Accrued expenses	11,116,688	2,489,317	10,517,512	2,374,012
Deductible losses	8,349,527	1,579,052	6,511,904	1,283,377
Offsetting of profits from internal transactions	451,088	98,751	333,125	82,019
Others	412,219	55,709	563,324	101,398
Total	45,087,844	9,106,372	43,165,120	8,779,692

#### (b) Deferred tax liabilities before offsetting

	31 December 2024		31 December 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of financial instruments	3,014,005	751,368	2,957,889	739,558
Assets assessment increment	289,145	72,286	409,145	102,286
Fair value adjustment for business combinations	848,427	212,106	864,996	216,249
Others	557,249	94,541	141,674	35,333
Total	4,708,826	1,130,301	4,373,704	1,093,426

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (29) Deferred tax assets and deferred tax liabilities (Cont'd)

(c) The net balances of deferred tax assets and deferred tax liabilities after offsetting

	2024		2023	
	Offset amount	Balance after offset	Offset amount	Balance after offset
Deferred tax assets	416,160	8,690,212	478,924	8,300,768
Deferred tax liabilities	416,160	714,141	478,924	614,502

(d) Details of unrecognised deferred tax assets

	31 December 2024	31 December 2023
Deductible temporary differences	19,276,052	18,526,805
Deductible losses	17,655,203	12,883,088
Total	36,931,255	31,409,893

(e) Analysis of the maturity profile of deductible losses that are not recognised as deferred tax assets

	31 December 2024	31 December 2023
2024	-	229,178
2025	196,337	381,255
2026	1,067,034	1,268,870
2027	4,404,601	4,518,506
2028	5,169,694	4,547,335
2029 and after	6,817,537	1,937,944
	17,655,203	12,883,088

#### Taxable temporary differences without recognising deferred tax liabilities

The Group expects that the amount of deferred tax liabilities related to the distribution of dividends by its overseas subsidiaries, joint ventures, and associates or disposal of long-term equity investments is not significant.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (30) Other non-current assets

	31 December 2024			31 December 2023		
	Book Value	Provision for impairment	Net book value	Book Value	Provision for impairment	Net book value
Contract Assets	15,062,336	693,271	14,369,065	13,870,767	664,243	13,206,524
Others	804,391	-	804,391	584,230	-	584,230
Total	15,866,727	693,271	15,173,456	14,454,997	664,243	13,790,754

As at 31 December 2024, the contract assets of the Group mainly consisted of the undue quality guarantee deposit, including RMB 766,357 thousand of contract assets from PPP projects (31 December 2023: RMB 922,476 thousand).

In 2024, the Group's revenue from main operations included RMB 494,144 thousand in PPP project contract revenue (2023: RMB 689,883 thousand), of which RMB 121,246 thousand (2023: RMB 485,375 thousand) was attributable to engineering and construction services. The Group's PPP contracts primarily consist of water treatment and waste treatment contracts. Under the terms of these contracts, the Group provides services including the construction of PPP project assets, post-completion operations, and maintenance, with total contract durations typically ranging from 20 to 30 years. The project assets of water treatment contract are primarily located in Jiangsu and Anhui provinces, while those of waste treatment contract are concentrated in Liaoning and Hebei provinces. No material modifications to PPP contracts occurred during 2024.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (31) Assets with limited ownership or use right

31 December 2024	Carrying amount	Type
Currency funds (Note 5(1))	4,728,331	Central bank reserves, margin, letters of credit, etc
Accounts receivable (Note 5(6))	2,492,808	Pledge
Fixed assets (Note 5(22))	664,318	Mortgage
Intangible assets (Note 5(25))	1,082,716	Mortgage
Future receivables right (Note)	12,798,599	Pledge
Total	21,766,772	

31 December 2023	Carrying amount	Type
Currency funds (Note 5(1))	3,936,117	Central bank reserves, margin, letters of credit, etc
Notes receivable (Note 5(5))	4,322	Pledge
Accounts receivable (Note 5(6))	2,351,443	Pledge
Fixed assets (Note 5(22))	578,188	Mortgage
Intangible assets (Note 5(25))	1,343,672	Mortgage
Future receivables right (Note)	12,849,654	Pledge
Total	21,063,396	

Note: Future receivables right mainly refers to the right to collect payments in the future such as the right to charge for PPP projects and power generation projects.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (32) Provision for asset impairment and losses

Provision for credit impairment losses	31 December 2023	Increase in the current year		Decrease in the current year				Translation differences of foreign currency financial statements	31 December 2024
		Provision	Reversal	Write-off/ Disposal	Changes in the scope of consolidation	Transfer- out due to derecognition of receivables	Other transfer- in/(out)		
Provision for bad debts of notes receivable	858,453	126,659	-	-	(174,938)	-	(3,151)	-	807,023
Provision for bad debts of accounts receivable measured at amortised cost	17,949,869	1,537,465	(781,078)	(115,570)	(1,090,557)	-	149,074	-	17,649,203
Including: Provision for bad debts on the individual basis	12,722,680	541,279	(447,344)	(114,902)	(1,085,166)	-	57,064	-	11,673,611
Provision for bad debts on the grouping basis	5,227,189	996,186	(333,734)	(668)	(5,391)	-	92,010	-	5,975,592
Provision for credit impairment of receivables financing	1,489	1,275	-	-	-	(1,518)	-	-	1,246
Provision for impairment of other debt investments	2,709	3,572	(2,708)	-	-	-	-	-	3,573
Provision for impairment of debt investments	15,402	63,942	(53,998)	-	-	-	-	-	25,346
Provision for bad debts of other receivables	1,511,992	153,596	(395,889)	(5,121)	(1,272)	-	-	-	1,263,306
Provisions for expected credit impairment of guarantees	202,167	58,176	(42,907)	(10,200)	-	-	-	-	207,236
Provision for bad debts of loans	439,176	-	(23,522)	-	-	-	-	-	415,654
Provision for impairment of discounted notes	-	-	-	-	-	-	-	-	-
Provision for bad debts of long-term receivables	2,000,111	420,657	-	(44,506)	-	-	9,179	-	2,385,441
Others	2,259	-	-	-	-	-	-	-	2,259
Sub-total	22,983,627	2,365,342	(1,300,102)	(175,397)	(1,266,767)	(1,518)	155,102	-	22,760,287

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (32) Provision for asset impairment and losses (Cont'd)

Provision for credit impairment losses	31 December 2023	Increase in the current year		Decrease in the current year				Translation differences of foreign currency financial statements	31 December 2024
		Provision	Reversal	Write-off/ Disposal	Changes in the scope of consolidation	Transfer- out due to derecognition of receivables	Other transfer- in/(out)		
Provision for impairment of inventories	4,758,250	1,722,193	(425,237)	(1,130,487)	(6,047)	-	-	(5,714)	4,912,958
Provision for impairment of investment properties	273	-	-	-	-	-	-	-	273
Provision for impairment of contract assets	1,611,312	262,599	(136,392)	(19,471)	(77,771)	(18,438)	(17,939)	4	1,603,904
Provision for impairment of fixed assets	599,206	94,725	-	(31,584)	(1,028)	-	-	-	661,319
Provision for impairment of construction in progress	409,908	67,970	-	-	(409,703)	-	-	(49)	68,126
Provision for impairment of intangible assets	112,547	916	-	-	(1,218)	-	-	-	112,245
Provision for impairment of long-term equity investments	166,627	344,525	-	-	-	-	-	549	511,701
Provision for impairment of goodwill	2,082,236	254,042	-	(278,538)	-	-	-	(40,055)	2,017,685
Provision for impairment of right-of-use assets	11,842	-	-	-	-	-	-	-	11,842
Provision for impairment of other current assets	-	13,668	-	-	-	-	-	-	13,668
Sub-total	9,752,201	2,760,638	(561,629)	(1,460,080)	(495,767)	(18,438)	(17,939)	(45,265)	9,913,721
Total	32,735,828	5,125,980	(1,861,731)	(1,635,477)	(1,762,534)	(19,956)	137,163	(45,265)	32,674,008



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (33) Short-term borrowings

	31 December 2024	31 December 2023
Credit borrowings	9,130,344	7,899,021
Mortgage borrowings	-	106,900
Pledged borrowings (Notes 5(6))	105,000	103,083
Secured borrowings (a)	8,000	78,000
Discount borrowings (b)	304,883	85,412
Total	9,548,227	8,272,416

- (a) As at 31 December 2024, the Group provided guarantees of RMB 8,000 thousand for short-term borrowings of certain subsidiaries (31 December 2023: RMB 78,000 thousand).
- (b) As at 31 December 2024, the Group discounted trade acceptance notes of RMB 301,857 thousand and bank acceptance notes of RMB 3,026 thousand to obtain short-term bank borrowings of RMB 304,883 thousand (As at 31 December 2023, the Group discounted trade acceptance notes of RMB 27,103 thousand and bank acceptance notes of RMB 85,412 thousand to obtain short-term bank borrowings).

As at 31 December 2024, the annual interest rate for short-term borrowings ranged from 0.45% to 5.93% (31 December 2023: the annual interest rate ranged from 2.1% to 6.55%).

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (34) Financial liabilities held for trading

	31 December 2024	31 December 2023
Financial liabilities held for trading	38,531	34,435

As at 31 December 2024, financial liabilities held for trading comprised the fair value of the equities held by investors other than the Group in the structured entities included in the consolidation scope.

### (35) Notes payable

	31 December 2024	31 December 2023
Trade acceptance notes	6,339,713	4,517,795
Bank acceptance notes	8,784,367	7,556,404
	15,124,080	12,074,199

As at 31 December 2024, the Group had no notes payable overdue but unpaid (31 December 2023: Nil).

### (36) Accounts payable

	31 December 2024	31 December 2023
Accounts payable	60,569,875	59,610,479

As at 31 December 2024, accounts payable with ageing over one year amounted to RMB 9,862,544 thousand (31 December 2023: RMB 9,679,202 thousand), which mainly comprised payables for construction projects and payables for materials. Such accounts are unsettled for the projects are still under construction.

The ageing of accounts payable based on their recording dates is analysed as follows:

	31 December 2024	31 December 2023
Within 3 months	40,259,618	35,381,284
3 months to 6 months	3,144,207	4,815,801
6 months to 1 year	7,303,506	9,734,192
1 to 2 years	4,092,796	4,050,065
2 to 3 years	2,053,740	2,507,200
Over 3 years	3,716,008	3,121,937
Total	60,569,875	59,610,479

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (37) Advances from customers

	31 December 2024	31 December 2023
Share advances and others	833,268	859,959

As at 31 December 2024, the advance from customers for more than one year mainly included the share advances of RMB 366,201 thousand (31 December 2023: RMB 358,370 thousand). Such share advances were not recognised as they had not been settled.

### (38) Contract liabilities

	31 December 2024	31 December 2023
Advances from goods and services	57,928,502	44,288,870
Less: Non-current portion of contract liabilities included in other non-current liabilities	-	81,757
Total	57,928,502	44,207,113

The balance of contract liabilities as at 31 December 2023 was transferred to revenue in 2024. The balance of contract liabilities as at 31 December 2024 is expected to be transferred to revenue in 2025. The increase in contract liabilities is attributable to business expansion.

### (39) Deposits from customers, banks and other financial institutions

	31 December 2024	31 December 2023 (Restated)
Current deposits	5,970,029	6,016,675
Time deposits	1,363,500	1,224,240
	7,333,529	7,240,915

### (40) Employee benefits payable

	Opening balance (Restated)	Increase in the current year	Decrease in the current year	Closing balance
Short-term employee benefits (a)	5,217,382	11,719,613	(11,823,026)	5,113,969
Defined contribution plans (b)	78,083	1,522,879	(1,510,384)	90,578
Termination benefits (c)	86,196	3,940	(38,274)	51,862
Total	5,381,661	13,246,432	(13,371,684)	5,256,409

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (40) Employee benefits payable (Cont'd)

#### (a) Presentation of short-term employee benefits

	Opening balance (Restated)	Increase in the current year	Decrease in the current year	Closing balance
Wages or salaries, bonus, allowances and subsidies	3,922,860	10,044,582	(10,137,558)	3,829,884
Staff welfare	9,045	307,655	(69,381)	247,319
Staff and workers' bonus and welfare fund	1,188,106	72,618	(331,300)	929,424
Social security contributions	19,426	578,812	(580,001)	18,237
Including: Medical insurance	18,053	538,147	(539,295)	16,905
Work injury insurance	926	30,527	(30,471)	982
Maternity insurance	447	10,138	(10,235)	350
Housing funds	31,872	547,361	(545,349)	33,884
Labour union funds and employee education funds	46,073	168,585	(159,437)	55,221
Total	5,217,382	11,719,613	(11,823,026)	5,113,969

#### (b) Defined contribution plans

	Opening balance (Restated)	Increase in the current year	Decrease in the current year	Closing balance
Basic pensions	40,361	1,071,570	(1,069,585)	42,346
Unemployment insurance	1,642	42,064	(41,377)	2,329
Supplementary pensions	36,080	409,245	(399,422)	45,903
Total	78,083	1,522,879	(1,510,384)	90,578

Monthly payments of premiums on the pension plans (including the basic pensions in the Chinese mainland and Mandatory Provident Fund ("MPF") in Hong Kong) are made to relevant authorities and calculated according to the bases and percentages prescribed by the local authorities of Ministry of Human Resource and Social Security. Besides, the payments cannot be used to offset the amounts to be paid for employees by the Group in the future.

The Group also provides certain defined contribution plans (including the enterprise annuity plan in the Chinese mainland (the "Plan") and the provident fund plan in Hong Kong) to some employees in and outside the Chinese mainland. The Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. In 2024, under the Plan in the Chinese mainland, the total returned contributions (the amount contributed by the Group for employees who left such Plan prior to vesting fully in such Plan) to the corporate account of the Plan amounted to RMB 1,713 thousand (2023: RMB 1,621 thousand). Such returned contributions had no impact on and were not utilised by the Group to reduce the level of contributions for existing employees participating in the Plan. In 2024, the Group had no contributions not collected under the defined contribution plans excluding the Plan in the Chinese mainland. Except for the above plans, the Group had no other defined contribution plans.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (40) Employee benefits payable (Cont'd)

(c) Termination benefits payable

	31 December 2024	31 December 2023
Termination benefits	51,862	86,196

### (41) Taxes payable

	31 December 2024	31 December 2023 (Restated)
VAT payable	1,083,884	1,164,633
Enterprise income tax payable	1,187,918	1,124,225
Individual income tax payable	31,932	16,653
City maintenance and construction tax payable	46,356	56,474
Real estate tax payable	31,345	26,423
Land use tax payable	10,459	10,613
Others	81,872	67,119
Total	2,473,766	2,466,140

### (42) Other payables

	31 December 2024	31 December 2023 (Restated)
Construction and fixed assets purchase expenses payable	1,160,822	1,253,836
Sales commission	1,045,984	1,020,254
Technical royalties	451,615	476,361
Guarantees and deposits	366,945	443,111
Service fee	270,452	260,737
Maintenance cost within warranty period of elevators	205,294	219,331
Dividends payable to minority shareholders	214,680	165,521
Payables to related parties (Note 10 (6))	1,526,495	161,902
Bidding service fee	135,814	99,943
Relocation compensations and personnel replacement fee	223,200	81,376
Others	4,103,109	3,962,176
Total	9,704,410	8,144,548

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (43) Current portion of non-current liabilities

	31 December 2024	31 December 2023
Current portion of long-term borrowings (Note 5(45))	8,790,064	6,115,208
Current portion of bonds payable (Note 5(46))	766,064	16,074
Current portion of lease liabilities (Note 5(47))	377,219	299,550
Current portion of long-term payables (Note 5(48))	254,888	467,888
Total	10,188,235	6,898,720

### (44) Other current liabilities

	31 December 2024	31 December 2023
Accrued expenses (a)	7,716,293	7,142,356
Provisions (b)	6,583,961	7,387,567
	14,300,254	14,529,923
Less: Long-term provisions	2,832,979	3,028,758
Total	11,467,275	11,501,165

#### (a) Accrued expenses

	31 December 2024	31 December 2023
Accrued cost of spare parts	7,099,179	6,145,298
Others	617,114	997,058
Total	7,716,293	7,142,356

#### (b) Provisions

	Opening balance	Increase in the current year	Reversal in the current year	Decrease in the current year	Closing balance
Estimated onerous contracts (i)	2,237,345	888,640	(4,909)	(1,100,646)	2,020,430
Product warranty expenses(ii)	4,648,301	1,076,718	(42,543)	(1,635,330)	4,047,146
Expected credit impairment for guarantees/commitments	202,167	58,176	(42,907)	(10,200)	207,236
Others	299,754	108,434	(15,528)	(83,511)	309,149
	7,387,567	2,131,968	(105,887)	(2,829,687)	6,583,961
Less: Long-term provisions	3,028,758				2,832,979
Total	4,358,809				3,750,982

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (44) Other current liabilities (Cont'd)

#### (b) Provisions(Cont'd)

- (i) Factors such as commodity prices and industry competition can have a significant impact on the gross profit of related contracts. As at 31 December 2024, the Group assessed on whether unavoidable estimated total costs of meeting contractual obligations had exceeded the economic benefits expected to be received, and made provision for these onerous contracts based on the estimated least net cost of exiting from the contracts.
- (ii) Warranty liabilities primarily arise from maintenance services associated with product sales. As at 31 December 2024, the Group recognised warranty provisions for sold products based on sales volume, historical repair costs, and estimated per-unit warranty costs. These provisions are discounted to present value over the expected warranty period using the projected timing of warranty claims. The estimation of product warranty provisions involves significant judgments and assumptions, including: warranty-to-revenue ratios derived from historical repair data, projected costs (e.g., labor hours, wages, and materials) to fulfill warranty obligations; and discount rates applied in present value calculations.

### (45) Long-term borrowings

	31 December 2024	31 December 2023
Credit borrowings	23,944,572	24,362,681
Mortgage borrowings (Note 5 (22), (25))	1,912,410	2,359,799
Pledged borrowings (a) (Note 5 (6))	4,860,332	4,975,718
Secured borrowings (b)	5,754,867	5,310,878
Sub-total	36,472,181	37,009,076
Less: Current portion of long-term borrowings	8,790,064	6,115,208
Total	27,682,117	30,893,868

- (a) As at 31 December 2024, the Group pledged accounts receivable with a carrying amount of RMB 2,421,710 thousand (31 December 2023: RMB 2,174,224 thousand) to obtain long-term borrowings of RMB 1,797,055 thousand (31 December 2023: RMB 1,725,457 thousand).

As at 31 December 2024, the Group pledged the future collection rights with a carrying amount of RMB 12,798,599 thousand (31 December 2023: RMB 12,849,654 thousand) of several PPP projects and power generation projects to the bank to obtain long-term borrowings of RMB 3,063,277 thousand (31 December 2023: RMB 3,250,261 thousand).

- (b) As at 31 December 2024, the total long-term borrowings guaranteed by the Group for certain subsidiaries were RMB 5,754,867 thousand (31 December 2023: RMB 5,310,878 thousand).



## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (45) Long-term borrowings (Cont'd)

At the balance date, the maturity of long-term borrowings was analysed as follows:

	31 December 2024	31 December 2023
1 to 2 years	8,436,107	12,200,056
2 to 5 years	6,448,247	7,079,998
Over 5 years	12,797,763	11,613,814
Total	27,682,117	30,893,868

As at 31 December 2024, the annual interest rate of the above long-term borrowings ranged from 1.00% to 8.33% (31 December 2023: 0.30% to 6.998%).

### (46) Bonds payable

	Opening balance	Interest accrued at par value	Amortisation of premium or discount	Repayment in the current year	Closing balance
22 Hufeng MTN001	765,374	23,915	625	23,850	766,064
Less: Current portion of bonds payable	16,074				766,064
Total	749,300				-

The Group's subsidiary, Shanghai Electric Wind Power Group Co., Ltd. issued the first phase of 2022 green medium-term notes of Shanghai Electric Wind Power Group Co., Ltd. on 29 April 2022, with a maturity of 3 years. The value date is 29 April 2022, and the redemption date is 29 April 2025. The total issuance is RMB 0.75 billion, the issuance interest rate is 3.18% and the issuance is based on the face value.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (47) Lease liabilities

	31 December 2024	31 December 2023
Lease liabilities	1,840,945	1,450,546
Less: Current portion of non-current liabilities (Note 5 (43))	377,219	299,550
Total	1,463,726	1,150,996

As at 31 December 2024, payments for leases not yet commenced to which the Group was committed amounted to RMB 9,438 thousand (31 December 2023: RMB 22,567 thousand).

### (48) Long-term payables

	31 December 2024	31 December 2023
Related party loans (Note 10 (6))	224,350	399,562
Guarantees for finance leases	508,183	569,742
Others	58,182	60,537
	790,715	1,029,841
Less: Current portion of long-term payables (Note 5 (43))	254,888	467,888
Total	535,827	561,953

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (49) Long-term employee benefits payable

	31 December 2024	31 December 2023
Termination benefits	71,655	81,219
Defined benefit plan (a)	108,410	106,349
Total	180,065	187,568

#### *(a) 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 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 plan liabilities; 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (49) Long-term employee benefits payable (Cont'd)

#### (a) Defined benefit plan (Cont'd)

The composition of the defined benefit plan is as follows:

	31 December 2024	31 December 2023
Non-current liabilities	108,410	106,349
Current liabilities	5,343	1,891
Total	113,753	108,240

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

	31 December 2024	31 December 2023
Discount rate	3.61%	3.57%
Expected future increase in retirement cost ratio	2.10%	2.35%
Expected increase in salary ratio	2.35%	2.60%

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (49) Long-term employee benefits payable (Cont'd)

#### (a) Defined benefit plan (Cont'd)

The amount of the above defined benefit plan recognised in the statement of profit or loss and other comprehensive income is as follows:

	2024	2023
Service cost:		
Current service cost	1,887	(84)
Net interest expense	3,903	3,809
Expected return on plan assets	(208)	(276)
Defined benefit cost composition recognised in profit or loss	5,582	3,449
Remeasured net defined benefit liabilities:		
Obligation actuarial loss	4,546	2,602
Actuarial(gain)/ loss of plan assets	(152)	2
Defined benefit cost composition recognised in other comprehensive expenses	4,394	2,604
Total	9,976	6,053

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

	2024	2023
Opening balance	115,228	106,112
Current service cost	1,887	(84)
Interest expenses	3,903	3,809
Obligation actuarial loss	4,546	2,602
Benefits paid	(3,428)	(4,270)
Exchange differences for overseas plans	(1,413)	7,059
Closing balance	120,723	115,228

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (49) Long-term employee benefits payable (Cont'd)

#### (a) Defined benefit plan (Cont'd)

Changes in the fair value of plan assets are as follows:

	2024	2023
Opening balance	6,988	6,870
Expected return	208	276
Actuarial gain/(loss) of plan assets	152	(1)
Benefits paid	(253)	(553)
Exchange differences for overseas plans	(125)	396
Closing balance	6,970	6,988

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

	31 December 2024	31 December 2023
Insurance company investment funds	6,970	6,988

### (50) Deferred income

	31 December 2023	Increase in the current year	Recognised in other income in the current year	31 December 2024
Government grants	1,333,337	840,058	(962,520)	1,210,875

### (51) Other non-current liabilities

	31 December 2024	31 December 2023
Long-term contract liabilities	-	81,757
Others	13,325	13,307
Total	13,325	95,064

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (52) Share capital

	Opening balance	Movements in the current year				Closing balance
		Shares newly issued	Bonus share	Transfer from capital surplus	Others	
Ordinary shares denominated in RMB	12,655,327	-	-	-	-	12,655,327
Foreign shares listed overseas	2,924,482	-	-	-	-	2,924,482
		-	-	-	-	
Total	15,579,809	-	-	-	-	15,579,809

### (53) Capital surplus

	Opening balance (Restated)	Increase in the current year	Decrease in the current year	Closing balance
Share premium	15,649,347	-	(3,082,421)	12,566,926
Effect of convertible bonds on equity	3,381,592	-	-	3,381,592
Subsidiaries relocation compensations	297,503	-	-	297,503
Profit commitment compensation	232,002	-	-	232,002
Share-based payments included in owners' equity	184,585	-	-	184,585
Others	2,088,652	-	(23,867)	2,064,785
Total	21,833,681	-	(3,106,288)	18,727,393

As described in Note 6(1), due to a business combination under common control occurring this year, the amount of share premium as of 31 December 2023, has been restated.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (54) Other comprehensive income

Accumulated balance of other comprehensive income attributable to shareholder of the parent in the consolidated balance sheet:

For the year ended 31 December 2024

Other comprehensive income in the balance sheet			
	1 January 2024	Increase / Decrease	31 December 2024
Other comprehensive income items which will not be reclassified to profit or loss			
Changes arising from remeasurement of defined benefit plan	16,368	(4,199)	12,169
Other comprehensive income items which will be reclassified to profit or loss			
Other comprehensive income that will be reclassified to profit or loss under equity method	(30,908)	-	(30,908)
Changes in fair value of other debt investments	25,875	60,909	86,784
Provision for credit impairment of other debt investments and receivables financing	(6,691)	333	(6,358)
Cash flow hedge reserve	21,107	(195)	20,912
Differences on translation of foreign currency financial statements	(14,547)	(9,624)	(24,171)
Others	10,397	2,592	12,989
Total	21,601	49,816	71,417

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (54) Other comprehensive income (Cont'd)

Accumulated balance of other comprehensive income attributable to shareholder of the parent in the consolidated balance sheet:(Cont'd)

For the year ended 31 December 2024

Other comprehensive income in the income statement					
	Amount incurred before income tax	Less: Transfer-out of previous other comprehensive income in the current year	Less: Income tax expenses	Attributable to shareholders of the parent company	Attributable to the minority shareholders
Other comprehensive income items which will not be reclassified to profit or loss					
Changes arising from remeasurement of defined benefit plan	(4,394)	-	-	(4,199)	(195)
Other comprehensive income items which will be reclassified to profit or loss					
Changes in fair value of other debt investments	171,134	92,615	19,630	60,909	(2,020)
Provision for credit impairment of other debt investments and receivables financing	2,139	1,518	158	333	130
Cash flow hedge reserve	(438)	-	(66)	(195)	(177)
Differences on translation of foreign currency financial statements	(12,515)	-	-	(9,624)	(2,891)
Others	1,962	-	69	2,592	(699)
Total	157,888	94,133	19,791	49,816	(5,852)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (54) Other comprehensive income (Cont'd)

Accumulated balance of other comprehensive income attributable to shareholder of the parent in the consolidated balance sheet: (Cont'd)

For the year ended 31 December 2023

Other comprehensive income in the balance sheet			
	1 January 2023	Increase / Decrease	31 December 2023
Other comprehensive income items which will not be reclassified to profit or loss			
Changes arising from remeasurement of defined benefit plan	18,856	(2,488)	16,368
Other comprehensive income items which will be reclassified to profit or loss			
Other comprehensive income that will be reclassified to profit or loss under equity method	(30,908)	-	(30,908)
Changes in fair value of other debt investments	25,690	185	25,875
Provision for credit impairment of other debt investments and receivables financing	6,212	(12,903)	(6,691)
Cash flow hedge reserve	22,038	(931)	21,107
Differences on translation of foreign currency financial statements	(77,176)	62,629	(14,547)
Others	10,397	-	10,397
Total	(24,891)	46,492	21,601

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (54) Other comprehensive income (Cont'd)

Accumulated balance of other comprehensive income attributable to shareholder of the parent in the consolidated balance sheet: (Cont'd)

For the year ended 31 December 2023

	Other comprehensive income in the income statement				
	Amount incurred before income tax	Less: Transfer-out of previous other comprehensive income in the current year	Less: Income tax expenses	Attributable to shareholders of the parent company	Attributable to the minority shareholders
Other comprehensive income items which will not be reclassified to profit or loss					
Changes arising from remeasurement of defined benefit plan	(2,604)	-	-	(2,488)	(116)
Other comprehensive income that will be reclassified to profit or loss under equity method					
Other comprehensive income that will be reclassified to profit or loss under equity method	-	-	-	-	-
Changes in fair value of other debt investments	282,058	281,780	69	185	24
Provision for credit impairment of other debt investments and receivables financing	4,911	24,228	(4,829)	(12,903)	(1,585)
Cash flow hedge reserve	3,154	5,411	(564)	(931)	(762)
Differences on translation of foreign currency financial statements	67,326	-	-	62,629	4,697
Others	-	-	-	-	-
Total	354,845	311,419	(5,324)	46,492	2,258

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (55) Special surplus

	Opening balance	Appropriation in the current year	Decrease in the current year	Closing balance
Safety production funds	134,056	97,997	(108,228)	123,825

### (56) Surplus reserve

	Opening balance (Restated)	Appropriation in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	4,097,110	-	-	4,097,110
Discretionary surplus reserve	29,816	-	-	29,816
Reserve fund	303,715	-	-	303,715
Enterprise expansion fund	349,926	-	-	349,926
Provision for general risk of Finance Company	1,126,457	56,948	-	1,183,405
Total	5,907,024	56,948	-	5,963,972

In accordance with the Company Law of the People's Republic of China and the Company's Articles of Association, the Company should appropriate 10% of net profit to the statutory surplus reserve, and can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital.

### (57) Retained earnings

	31 December 2024	31 December 2023 (Restated)
Retained profits at the end of the prior year	12,249,556	11,419,263
Business combination involving entities under common control	-	263,727
Retained earnings at the beginning of the current year	12,249,556	11,682,990
Net profit attributable to shareholders of the parent company	752,480	803,346
Less: Provision for general risk	56,948	-
Appropriation to staff and workers' bonus and welfare fund	21,588	25,420
Others (Note)	200,000	211,360
Retained earnings at the end of year	12,723,500	12,249,556

Note: On 15 October 2024, Ningsheng Industrial considered and approved the profit distribution plan, and distributed dividends to shareholders amounting to RMB200,000 thousand.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (58) Revenue and operating cost

#### (a) Revenue and operating cost status

	For the year ended 31 December 2024		For the year ended 31 December 2023	
	Revenue	Cost	Revenue	Cost (Restated)
Revenue from main operations	109,436,027	91,687,743	108,096,600	91,816,080
Revenue from other operations	6,020,154	2,837,333	6,121,609	2,712,557
Interest income/expenses	726,357	98,265	576,469	86,519
Fee and commission income/expenses	3,578	836	2,399	719
Total	116,186,116	94,624,177	114,797,077	94,615,875

Revenue from main operations includes revenue from sales of energy equipment, industrial equipment and integration service. Operating cost refers to those of products related to main operations. The Group segment information has been listed in Note 14.

Details of revenue from main operations are as follows:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Sales of goods	89,168,857	85,057,697
Construction services	8,713,287	11,363,370
Rendering of services	11,553,883	11,675,533
Total	109,436,027	108,096,600

Details of revenue from other operations are as follows:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Sales of products and materials	4,559,872	4,467,831
Operating lease income	466,000	820,561
Finance lease income	74,017	184,723
Rendering of non-industrial services	253,806	155,623
Others	666,459	492,871
Total	6,020,154	6,121,609

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (58) Revenue and operating cost(Cont'd)

(b) Revenue breakdown

For the year ended 31 December 2024					
	Sales of goods	Construction services	Rendering of services	Others	Total
Place of business					
China	79,799,829	4,387,150	11,473,966	1,206,476	96,867,421
Other Asian countries/ geographical areas	2,203,707	3,513,004	69,713	-	5,786,424
Other regions	11,725,193	813,133	264,010	-	12,802,336
Total	93,728,729	8,713,287	11,807,689	1,206,476	115,456,181
Timing of revenue recognition					
Recognised at a point in time	89,168,857	-	1,728,201	-	90,897,058
Recognised over time	-	8,713,287	9,825,682	-	18,538,969
Revenue from other operations	4,559,872	-	253,806	1,206,476	6,020,154
Total	93,728,729	8,713,287	11,807,689	1,206,476	115,456,181
For the year ended 31 December 2023					
	Sales of goods	Construction services	Rendering of services	Others	Total
Place of business					
China	76,096,127	4,690,933	11,831,156	1,498,155	94,116,371
Other Asian countries/ geographical areas	1,753,442	5,496,936	-	-	7,250,378
Other regions	11,675,959	1,175,501	-	-	12,851,460
Total	89,525,528	11,363,370	11,831,156	1,498,155	114,218,209
Timing of revenue recognition					
Recognised at a point in time	85,057,697	-	347,112	-	85,404,809
Recognised over time	-	11,363,370	11,328,421	-	22,691,791
Revenue from other operations	4,467,831	-	155,623	1,498,155	6,121,609
Total	89,525,528	11,363,370	11,831,156	1,498,155	114,218,209

For the year end in 31 December 2024, the Group did not receive any additional rewards for completing services ahead of schedule. The Group's sales revenue from materials is recognised at a point in time.



## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (59) Taxes and surcharges

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
City maintenance and construction tax	176,223	187,247
Real estate tax	157,864	150,538
Educational surcharge	114,815	140,096
Stamp tax	103,067	90,790
Land use tax	38,114	40,529
Others	72,236	97,823
Total	662,319	707,023

The payment criterion is set out in Note 4.

### (60) Selling and distribution expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Labour costs	1,469,079	1,421,098
Agency fee and commission	410,569	382,580
General office expenses and market development expenses	434,046	416,104
Agent and technical service fees	212,867	214,879
Travel expenses	184,699	165,766
Bidding service fee	115,826	119,207
Packaging expenses	23,464	29,990
Depreciation of right-of-use assets	7,117	6,528
Others	42,992	42,263
Total	2,900,659	2,798,415

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (61) General and administrative expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Labour costs	4,234,978	4,274,533
Depreciation and amortisation	808,360	786,412
Professional service fees	838,508	730,924
General office expenses	764,805	676,749
Rental fees	144,937	166,168
Depreciation of right-of-use assets	115,708	136,550
Travel expenses	174,171	163,287
Repair expenses	159,224	144,321
Power energy expenses	67,907	74,190
Others	655,179	848,717
Total	7,963,777	8,001,851

The administrative expenses mentioned above include the tax-inclusive audit fee of RMB 20,590 thousand payable to Ernst & Young Hua Ming LLP for the 2024 annual financial statement audit.

### (62) Research and development expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Labour costs	2,311,855	2,330,677
Direct input material costs	2,364,776	2,002,211
Outsourced research expenses	289,249	226,185
Depreciation and amortisation	166,226	188,411
Depreciation of right-of-use assets	20,236	12,273
Others	512,172	609,537
Total	5,664,514	5,369,294

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (63) Financial expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Interest costs on borrowings	1,588,013	1,823,297
Add: Interest costs on lease liabilities	42,916	40,403
Less: Capitalised interest	69,614	31,087
Less: Capitalised amount of interest	1,005,414	643,335
Exchange gains	(61,224)	(155,484)
Others	59,670	47,032
Total	554,347	1,080,826

### (64) Other income

	For the year ended 31 December 2024	For the year ended 31 December 2023
Government grants related to ordinary activities	962,520	1,159,260
Super deduction of VAT	451,694	314,770
Total	1,414,214	1,474,030

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (65) Investment income

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Investment income from long-term equity investments under equity method (Note 5 (19))	1,331,529	1,549,351
Investment income from disposal of subsidiaries	107,077	723,298
Investment income obtained during the holding of financial assets measured at amortised cost	272,349	132,241
Investment income obtained during the holding of other non-current financial assets	60,959	117,502
Investment income from disposal of other non-current financial assets	16,776	11,113
Investment income from disposal of financial assets held for trading	3,757	81,228
Investment income obtained during the holding of financial assets held for trading	203,731	68,206
Investment income from disposal of other debt investments	92,615	297,392
Others	66,649	110,945
Total	2,155,442	3,091,276

There is no significant restriction on recovery of investment income of the Group.

### (66) Losses on changes in fair value

	For the year ended 31 December 2024	For the year ended 31 December 2023
Financial assets at fair value through profit or loss	(459,886)	(269,380)
Derivative financial instruments	(3,675)	(45,407)
Total	(463,561)	(314,787)

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (67) Credit impairment losses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Losses on bad debts of accounts receivable, other receivables and receivables financing	(515,369)	(992,351)
Losses on bad debts of notes receivable	(126,659)	(192,430)
Losses on impairment of debt investments	(9,944)	(15,402)
(Impairment losses) / Reversal of losses on other debt investments	(864)	10,073
Losses on impairment of long-term receivables	(420,657)	(114,400)
(Impairment losses) / Reversal of losses on guarantees	(15,269)	23,378
Reversal of losses on loans	23,522	46,017
Impairment losses on discounted notes	-	53,056
Total	(1,065,240)	(1,182,059)

### (68) Asset impairment losses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Impairment losses on inventories	(1,296,956)	(1,579,339)
Impairment losses on long-term equity investments	(344,525)	(159,619)
Impairment losses on goodwill	(254,042)	(91,343)
Impairment losses on contract assets	(126,207)	(147,113)
Impairment losses on fixed assets	(94,725)	(12,557)
Impairment losses on construction in progress	(67,970)	(285,040)
Impairment losses of intangible assets	(916)	-
Impairment losses on other current assets	(13,668)	-
Total	(2,199,009)	(2,275,011)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (69) Gains on disposal of assets

	For the year ended 31 December 2024	For the year ended 31 December 2023
(Losses)/Gains on disposal of intangible assets	(14,880)	648,667
Gains on disposal of fixed assets, investment properties and construction in progress	49,257	198,336
Total	34,377	847,003

### (70) Non-operating income

	For the year ended 31 December 2024	For the year ended 31 December 2023	Amount recognised in non-recurring profit or loss in 2024
Insurance claims	27,278	23,658	27,278
Unpayable payables	26,944	10,246	26,944
Others	117,012	108,376	117,012
Total	171,234	142,280	171,234

### (71) Non-operating expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023	Amount recognised in non-recurring profit or loss in 2024
Losses on debt restructuring	56,620	2,515	56,620
Compensation expenditures	32,959	136,795	32,959
Donation expenditures	5,131	5,088	5,131
Others	38,563	58,203	38,563
Total	133,273	202,601	133,273

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (72) Expenses by nature

The operating cost, interest costs, fee and commission expenses, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Consumption of raw materials	56,659,859	56,076,224
Machinery and services purchased	30,002,597	29,798,375
Labour costs	13,131,640	12,979,250
Depreciation and amortisation	2,801,164	3,373,885
Freight and package fees	1,321,880	1,389,751
Warranty expenses	1,034,175	1,411,329
Power energy expenses	880,223	811,477
General office expenses	737,002	696,398
Agency fee and commission	569,095	554,491
Technology commission fees and technical service fees	512,064	534,561
Depreciation of right-of-use assets	486,675	370,150
Travel expenses	430,187	309,147
Property cost	340,167	289,737
Consultation fee	278,912	363,857
Market development fee	122,157	128,953
Others	1,845,330	1,697,850
Total	111,153,127	110,785,435

### (73) Income tax expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Current income tax expenses	1,328,228	1,923,994
Deferred income tax expenses	(283,893)	(784,111)
Total	1,044,335	1,139,883



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (73) Income tax expenses(Cont'd)

The reconciliation between income tax expenses and profit before income taxes is as follows:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Total profit	3,739,745	3,813,000
Income tax expenses calculated at applicable tax rates provided by law	934,936	953,250
Effect of preferential tax rates of certain subsidiaries	(353,589)	(155,027)
Adjustment for tax filing difference of prior years	(21,147)	(22,688)
Effect on share of profit of joint ventures and associates	(326,191)	(385,124)
Income not subject to tax	(64,967)	(45,072)
Non-deductible expenses	67,718	56,706
Preferential tax for qualified expenses	(456,349)	(492,221)
Utilisation of tax losses and deductible temporary differences for which no deferred income tax assets were recognised previously	(131,543)	(135,595)
Tax losses and deductible temporary differences for which no deferred income tax assets were recognised	1,395,467	1,365,654
Income tax expenses	1,044,335	1,139,883

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (74) Earnings per share

Basic earnings per share are calculated by dividing net profit for the current period attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. 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 issuance) according to specific terms of the issuance contract.

Basic earnings per share are calculated as follows:

	For the year ended 31 December 2024 (RMB/share)	For the year ended 31 December 2023 (RMB/share) (Restated)
Basic earnings per share (EPS)		
Earnings per share from continued operations	0.048	0.052
Diluted earnings per share (EPS)		
Earnings per share from continued operations	0.048	0.052

Basic and diluted earnings per share are calculated as follows:

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Profit		
Consolidated net profit attributable to ordinary shareholders of the parent company		
Continued operations	752,480	803,346
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company	752,480	803,346
Attributable to:		
Continued operations	752,480	803,346
Shares		
Weighted average number of outstanding ordinary shares	15,579,809	15,579,809
Adjusted weighted average number of outstanding ordinary shares	15,579,809	15,579,809

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 year ended 31 December 2024, the Company had no dilutive potential ordinary shares. Therefore, diluted earnings per share equal to basic earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (75) Notes to the cash flow statement

(a) Cash relating to operating activities

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Cash received from other operating activities:		
Net decrease in finance lease and sale-leaseback receivables from the Lease Company	746,832	816,016
Income from government grants	1,291,752	1,316,155
Net increase in financial assets sold under repurchase agreements	-	1,000,000
Cash for interest, fee and commission	729,935	570,358
Interest income from parties excluding the Finance Company and the Lease Company	1,005,414	642,243
Operating lease income	466,000	820,561
Net increase in customer deposits and interbank deposits	92,614	930,657
Others	509,269	137,045
Total	4,841,816	6,233,035
Cash paid relating to other operating activities:		
Net increase in financial assets purchased under resale agreements and factoring	1,769,486	4,414
General and administrative expenses	2,807,530	2,816,651
Selling and distribution expenses	1,424,463	2,771,149
Research and development expenses	3,166,197	2,837,933
Net increase in deposits with central banks	587,085	40,148
Cash for payment of interest, fee and commission	102,118	87,238
Net increase in loans and advances to customers	1,915,960	2,079,598
Net decrease in financial assets sold under repurchase agreements	1,000,000	-
Others	354,246	595,084
Total	13,127,085	11,232,215

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (75) Notes to the cash flow statement (Cont'd)

#### (b) Cash relating to investing activities

	For the year ended 31 December 2024	For the year ended 31 December 2023
Cash received from disposal of investments:		
Cash paid for disposal of interbank deposits	13,298,405	16,943,953
Cash received from disposal of financial assets held for trading	5,778,080	1,635,478
Cash received from disposal of joint ventures and associates	251,476	344,645
Others	1,232,468	459,407
Total	20,560,429	19,383,483
Cash paid to acquire investments:		
Cash paid to acquire interbank deposits	13,890,678	13,766,334
Cash paid to acquire financial assets held for trading	6,293,744	1,499,577
Cash paid for capital increase of joint ventures and associates	344,374	249,952
Others	838,500	768,816
Total	21,367,296	16,284,679
Cash received relating to other investing activities:		
Land expropriation compensation income	204,849	-
Cash paid relating to other investing activities:		
Land expropriation compensation expenses	29,104	-
Net increase in restricted cash and cash equivalents	212,307	452,694
Net increase in time deposit over three months	11,861,702	2,280,363
Total	12,103,113	2,733,057

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (75) Notes to the cash flow statement (Cont'd)

*(c) Cash relating to financing activities*

	For the year ended 31 December 2024	For the year ended 31 December 2023
Cash received from other financing activities:		
Loans provided to the Group by related parties	101,600	-
	For the year ended 31 December 2024	For the year ended 31 December 2023
Cash paid relating to other financing activities:		
Capital withdrawal by minority shareholders	-	8,130,679
Loans repaid by the Group to related parties	276,812	256,966
Repayments of lease liabilities	614,510	382,161
Total	891,322	8,769,806

In 2024, the total cash outflow related to leasing paid by the Group was RMB 834,810 thousand (2023: RMB 781,941 thousand), except for the above amount of payment of lease liabilities included in financing activities, and the rest of the cash outflow was included in operating activities.

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (75) Notes to the cash flow statement (Cont'd)

#### (c) Cash relating to financing activities(Cont'd)

Changes in liabilities from financing activities:

	31 December 2023	Increase		Decrease		31 December 2024
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Bank borrowings (including the current portion)	45,281,492	22,941,056	1,542,518	(23,595,761)	(148,897)	46,020,408
Bonds payable (including the current portion)	765,374	1,500,000	24,540	(1,523,850)	-	766,064
Lease liabilities (including the current portion)	1,450,546	-	1,057,186	(614,510)	(52,277)	1,840,945
Dividends payable to minority shareholders	165,521	-	1,883,932	(1,834,773)	-	214,680
Others (including the current portion)	399,562	101,600	-	(276,812)	-	224,350
Total	48,062,495	24,542,656	4,508,176	(27,845,706)	(201,174)	49,066,447

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (76) Supplementary information to the cash flow statement

*(a) Supplementary information to the cash flow statement*

Reconciliation from net profit to cash flows from operating activities

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Net profit	2,695,410	2,673,117
Add: Asset impairment losses	2,199,009	2,275,011
Credit impairment losses	1,065,240	1,182,059
Depreciation of fixed assets	2,007,045	2,560,785
Depreciation of right-of-use assets	486,675	370,150
Amortisation of intangible assets	546,442	584,935
Depreciation and amortisation of investment properties	74,140	71,221
Amortisation of long-term prepaid expenses	173,537	156,944
Gains on disposal of fixed assets, intangible assets and other long-term assets	(209,025)	(847,003)
Losses on changes in fair value	463,561	314,787
Financial expenses	1,534,575	1,612,030
Investment income	(2,155,442)	(3,091,276)
Changes in deferred tax assets	(389,444)	(567,616)
Changes in deferred tax liabilities	99,705	(223,352)
Amortisation of deferred income	(962,520)	(1,474,030)
Increase in inventories	(3,480,921)	(3,189,409)
Changes in contract assets	(712,265)	(501,483)
Changes in contract liabilities	13,843,818	5,488,222
Increase in operating receivables	(1,618,226)	(769,912)
Increase in operating payables	1,980,026	1,148,605
Increase in special reserve	(2,799)	(12,319)
Net cash flows from operating activities	17,638,541	7,761,466



## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (76) Supplementary information to the cash flow statement (Cont'd)

#### (a) Supplementary information to the cash flow statement(Cont'd)

Significant operating, investing and financing activities that do not involve cash receipts and payments

	For the year ended 31 December 2024	For the year ended 31 December 2023
Purchase payments made by bank acceptance notes	3,495,053	4,391,629
Newly added right-of-use assets in the current period	1,019,070	511,468
Asset-for-debt transaction (Note 5(5), Note 5(6))	141,988	53,715
Total	4,656,111	4,956,812

#### (b) Net cash paid to acquire subsidiaries

	For the year ended 31 December 2024
Cash and cash equivalents paid during the current year for subsidiaries acquired in the current year	1,641,421
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	4,543
Add: Cash and cash equivalents paid during the current year for subsidiaries acquired in prior years	22,946
Net cash paid to acquire subsidiaries	1,659,824

#### (c) Net cash received from disposal of subsidiaries

	For the year ended 31 December 2024
Cash and cash equivalents received from disposal of subsidiaries in the current year	252,102
Less: Cash and cash equivalents held by subsidiaries on the date of losing control	60,578
Net cash received from disposal of subsidiaries	191,524

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (76) Supplementary information to the cash flow statement (Cont'd)

#### (d) Cash and cash equivalents

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Cash at bank and on hand	9,968,947	20,306,230
Including: Cash on hand	2,299	1,427
Bank deposits available for immediate use	9,966,648	20,304,803
Placements with banks and other financial institutions	26,207,572	18,054,967
Cash and cash equivalents at the end of the year	36,176,519	38,361,197

	For the year ended 31 December 2024	For the year ended 31 December 2023 (Restated)
Cash at bank and on hand	32,569,013	30,252,380
Placements with banks and other financial institutions	26,207,572	18,054,967
	58,776,585	48,307,347
Less: Time deposits over three months	17,871,735	6,010,033
Less: Restricted funds in monetary funds	4,728,331	3,936,117
Total	36,176,519	38,361,197

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (77) Major monetary items denominated in foreign currency

(a) Major monetary items denominated in foreign currency

	Original currency	Exchange rate	RMB balances
Cash at bank and on hand -			
USD	591,000	7.1884	4,248,347
EUR	75,562	7.5257	568,657
MYR	11,824	1.6321	19,297
JPY	652,270	0.0462	30,156
VND	95,361,348	0.0003	27,311
HKD	257,958	0.9260	238,880
GBP	8,998	9.0765	81,675
IDR	30,362,480	0.0004	13,621
BDT	15,744	0.0609	959
ETB	4,926	0.0564	278
RSD	1,108,987	0.0646	71,585
INR	715,596	0.0853	61,026
AUD	535	4.5070	2,412
CAD	224	5.0498	1,133
Accounts receivable -			
USD	465,564	7.1884	3,346,659
EUR	27,007	7.5257	203,247
GBP	24,652	9.0765	223,757
MYR	72,385	1.6321	118,139
BDT	17,611	0.0609	1,073
VND	48,345,513	0.0003	13,846
HKD	40,352	0.9260	37,368
Other receivables -			
USD	72,331	7.1884	519,943
HKD	54,556	0.9260	50,521
JPY	2,228	0.0462	103
GBP	22,187	9.0765	201,377
EUR	791	7.5257	5,950
IDR	26,686	0.0004	12
INR	658	0.0853	56
VND	4,897,201	0.0003	1,403
BDT	42,956	0.0609	2,616
MYR	1,266	1.6321	2,067
ETB	12,246	0.0646	790

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### (77) Major monetary items denominated in foreign currency (Cont'd)

(a) Major monetary items denominated in foreign currency (Cont'd)

	Original currency	Exchange rate	RMB balance
Accounts payable -			
USD	65,745	7.1884	472,604
GBP	42,940	9.0765	389,747
MYR	141,902	1.6321	231,599
EUR	10,030	7.5257	75,479
JPY	201,666	0.0462	9,324
RSD	250,541	0.0646	16,172
VND	52,211,801	0.0003	14,953
BDT	188,444	0.0609	11,478
HKD	144	0.9260	105
Other payables -			
USD	219,854	7.1884	1,580,397
JPY	95,536	0.0462	4,417
GBP	164	9.0765	1,488
HKD	33,210	0.9260	30,754
EUR	4,869	7.5257	36,642
VND	57,505	0.0003	16
BDT	79	0.0609	5
MYR	6,738	1.6321	10,997
RSD	6	0.0646	-
Short-term borrowings			
HKD	815,000	0.9260	754,723
EUR	212,084	7.5257	1,596,079
JPY	538,008	0.0462	24,874
Long-term borrowings			
USD	122,707	7.1884	882,066
EUR	237,319	7.5257	1,785,990
Long-term borrowings (inclusive of those due within one year)			
USD	34,587	7.1884	248,624
EUR	4,006	7.5257	30,146

## 6 CHANGES IN THE SCOPE OF CONSOLIDATION

### (1) Business combination involving entities under common control

#### *(a) Business combination involving entities under common control in the current year*

Upon approval by the Board of Directors of the Company, the Company's wholly-owned subsidiary, Shanghai Electric Automation Group Co., Ltd. ("the Automation Group"), has entered into an Equity Transfer Agreement with Electric Holdings to acquire 100% equity interest in Shanghai Ningsheng Industrial Co., Ltd. ("Ningsheng Industrial") held by Electric Holding, with the transaction to be settled in cash. The appraised value of 100% equity interest in Ningsheng Industrial amounted to RMB 3,282,421.1 thousand as at the valuation benchmark date, i.e. 30 June 2024. On 15 October 2024, Ningsheng Industrial considered and approved the profit distribution plan, and distributed dividends to shareholders amounting to RMB200,000.0 thousand. The equity acquisition transaction price is based on the above valuation result, after deducting the above dividends distribution amount from the appraised value and friendly negotiations between the parties to the transaction, the transaction price was RMB 3,082,421.1 thousand. The equity transfer procedures for this transaction were completed on 27 December, 2024, which has been determined as the acquisition date.

From the beginning of the year to the acquisition date, the acquiree had no operating revenue (2023: Nil), a net profit of RMB 299,884 thousand (2023 restated: RMB 518,190 thousand), and a net cash flow of RMB 47,328 thousand.

#### *(b) Combination cost*

Shanghai Ningsheng Industrial Co., Ltd.	
Cash	1,641,421
Unpaid cash consideration	1,441,000
Total	3,082,421

#### *(c) Book value of the combined party's assets and liabilities at combination date*

	Combination date	31 December 2023
Cash at bank and on hand	164,422	117,093
Prepayments	3	-
Other current assets	-	32
Long-term equity investments	2,863,440	2,810,923
Employee benefits payable	(92)	(82)
Taxes payable	(37)	(112)
Other payables	(13)	(15)
Net assets	3,027,723	2,927,839
Less: Minority interests	-	-
Net assets acquired	3,027,723	2,927,839

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 6 CHANGES IN THE SCOPE OF CONSOLIDATION (CONT'D)

### (2) Addition of subsidiaries

	Major business location and places of registration	Nature of business	Direct shareholding %	Indirect shareholding %	Registration capital(Unit: RMB thousand)
Shanghai Electric Energy Heavy Equipment Technology (Penglai) Co., Ltd.	Shandong Province	Manufacturing of specialized equipment	-	100.00	RMB 80,000
Xinxing Energy Chemical Heavy Industry Co., Ltd.	Xinjiang Uygur Autonomous Region	Manufacturing of specialized equipment	-	100.00	RMB 40,000
Yixian Zhiheng New Energy Co., Ltd.	Liaoning Province	New energy technology promotion service	-	100.00	RMB 1,000
Dandong Shangdian Energy Equipment Co., Ltd.	Liaoning Province	Manufacturing of generators and generator sets	-	100.00	RMB 10,000
Guazhou County Shangdian New Energy Development Co., Ltd.	Gansu Province	Research and experimental development	-	100.00	RMB 5,000
Wenling Shoushu New Energy Development Co., Ltd.	Zhejiang Province	Wind power generation	-	85.00	RMB 50,000
Shangdian (Shangqiu) New Energy Equipment Co., Ltd.	Henan Province	Manufacturing of metal structures	-	100.00	RMB 10,000
Shangdian Ruoqiang New Energy Co., Ltd.	Xinjiang Uygur Autonomous Region	Other technology promotion services	-	100.00	RMB 1,000
Tianan Bulgaria Ltd	Bulgaria	Bearing manufacturing plant	-	100.00	EUR 6,500
Shanghai Electric Romania Co., Ltd.	Bucharest, Romania	Undertaking of EPC projects	-	100.00	EUR 600
Shanghai Xinmu New Energy Environmental Engineering Co., Ltd.	Shanghai	Professional technical service	-	100.00	RMB 100,000
Shanghai Mingzhen New Energy Environmental Engineering Co., Ltd.	Shanghai	Other technology promotion services	-	100.00	RMB 100,000
Taonan Shangdian Shuanglong New Energy Co., Ltd.	Jilin Province	Power supply industry	-	100.00	RMB 1,000
Baicheng Shangdian Zhongfan New Energy Co., Ltd.	Jilin Province	Power supply industry	-	100.00	RMB 475,000
Tongyu County Shangdian New Energy Co., Ltd.	Jilin Province	Power supply industry	-	100.00	RMB 293,000
Baicheng Shangdian Energy Storage Technology Development Co., Ltd.	Jilin Province	Power supply industry	-	100.00	RMB 182,000
Baicheng Shangdian Energy Storage Power Station Co., Ltd.	Jilin Province	Power supply industry	-	100.00	RMB 182,000
Huadian Shangdian (Shandong) New Energy Co., Ltd. (Note 1)	Shandong Province	Power supply industry	-	50.00	RMB 3,000

## 6 CHANGES IN THE SCOPE OF CONSOLIDATION (CONT'D)

### (2) Addition of subsidiaries (Cont'd)

	Major business location and places of registration	Nature of business	Direct shareholding %	Indirect shareholding %	Registration capital(Unit: RMB thousand)
Gansu Liujiaxia Haobo New Energy Co., Ltd.	Gansu Province	Power production	-	100.00	RMB 5,000
Baoshan Shangdian Energy Co., Ltd.	Yunnan Province	Power supply industry	-	100.00	RMB 1,000
Shidian Shangdian New Energy Co., Ltd.	Yunnan Province	New energy technology promotion service	-	100.00	RMB 1,000
Shangdian New Energy Development (Shandong) Co., Ltd.	Shandong Province	Power supply industry	-	100.00	RMB 3,000
Tancheng Shangdian New Energy Co., Ltd.	Shandong Province	Power supply industry	-	70.00	RMB 399,000
Tancheng Hengfeng New Energy Co., Ltd.	Shandong Province	Wind power generation	-	100.00	RMB 398,000
Shanghai Ningsheng Industrial Co., Ltd.	Shanghai	Other comprehensive management services	-	100.00	RMB 1,000
Shanghai Electric Group Energy Co., Ltd.	Shanghai	Energy-saving technology promotion service	100.00	-	RMB 1,903,000
Taonan Lvyuan Fuel Co., Ltd.	Jilin Province	Petroleum, coal and other fuel processing industry	-	100.00	RMB 206,240
Taonan Lvyuan Electric Power Co., Ltd.	Jilin Province	Energy-saving technology promotion service	-	100.00	RMB 117,500
Taonan Lvyuan Northeast Biomass Co., Ltd.	Jilin Province	Biotechnology extension services	-	51.00	RMB 40,000
Shanghai Xuanyuan Power Technology Co., Ltd.	Shanghai	Science and technology promotion and application service industry	-	100.00	RMB 1,000,000
Suzhou Dianzhong Fuel Injection Technology Co., Ltd.	Jiangsu Province	Wholesale of petroleum and its products	-	100.00	RMB 150,000
Shanghai Oriental Hub Integrated Energy Services Co., Ltd.	Shanghai	Electrical machinery and equipment manufacturing industry	60.00	-	RMB 160,000
Zhongji Pufa Real Estate Co., Ltd.	Shanghai	Real estate development and operation	100.00	-	RMB 100,000



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 6 CHANGES IN THE SCOPE OF CONSOLIDATION (CONT'D)

### (3) Disposal of subsidiaries

	Timing of losing control	Proceeds from disposal	The disposal ratio at the point of losing control (%)	The disposal method at the point of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal and corresponding shares of net assets in the consolidated financial statement
Shanghai Transformer Factory Co., Ltd.	Jun 2024	-	100	Company deregistration	Completion of industrial and commercial cancellation registration	-
Shanghai Electric Wind Power Equipment Heilongjiang Co., Ltd.	Dec 2024	-	100	Company dissolution	Completion of industrial and commercial cancellation registration	-
Inner Mongolia Guheng New Energy Co., Ltd.	Dec 2024	100,809	100	Transfer of equity	Completion of equity delivery	50,955
Shanghai Electric Digital Intelligence Smart Energy (Zaozhuang) Co., Ltd.	Jul 2024	-	100	Company deregistration	Completion of industrial and commercial cancellation registration	-
Shanghai Electric Chengguang Power Engineering Co., Ltd.	Jan 2024	-	51	Bankruptcy liquidation	Handed over to the asset manager appointed by the court	69,094
Die deutsche Firma Wollenberg Werkzeugmaschinen GmbH.	Jan 2024	-	100	Bankruptcy liquidation	Completion of industrial and commercial cancellation registration	-
Shanghai Electric Overseas Engineering Co., Ltd.	Jul 2024	-	100	Company deregistration	Completion of industrial and commercial cancellation registration	-
Wujiang Taihu Industrial Waste Treatment Co., Ltd.	Sep 2024	-	100	Bankruptcy liquidation	Handed over to the asset manager appointed by the court	6,050
Shanghai Qingxin Enterprise Management Consulting Partnership	Nov 2024	-	20	Company deregistration	Completion of industrial and commercial cancellation registration	-
Shanghai Jixin Enterprise Management Consulting Partnership	Nov 2024	-	20	Company deregistration	Completion of industrial and commercial cancellation registration	-
Shanghai Jingteng Enterprise Management Consulting Partnership	Nov 2024	-	20	Company deregistration	Completion of industrial and commercial cancellation registration	-
Skritech Limited Company	Jun 2024	-	28	Company deregistration	Completion of industrial and commercial cancellation registration	-
Shanghai TanZhen Laser Technology Co., Ltd.	Jan 2024	-	54	Bankruptcy liquidation	Handed over to the asset manager appointed by the court	(19,022)
Suzhou Electric Fuel Injection Technology Co., Ltd.	Dec 2024	151,293	100	Transfer of equity	Completion of equity delivery	-

## 7 INTERESTS IN OTHER ENTITIES

### (1) Interest in subsidiaries

#### (a) Constitution of the Group

	Major business location and place of registration	Nature of business	Registered capital (RMB)	Shareholding(%)	
				Direct	Indirect
Acquired through establishment or equity investment					
SMEI (Note 3(34))	Shanghai	Manufacturing industry	RMB 1,022,739,308	48.81	-
Shanghai Boiler Works Co., Ltd.	Shanghai	Manufacturing industry	RMB 507,487,000	100.00	-
Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.	Shanghai	Manufacturing industry	RMB 399,146,200	100.00	-
Shanghai Nanhua-Lanling Electrical Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	RMB 100,000,000	-	50.00
Shanghai Mitsubishi Elevator Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	USD 155,269,363	-	52.00
Shanghai Electric Power Generation Equipment Co., Ltd.	Shanghai	Manufacturing industry	USD 264,791,667	-	60.00
Shanghai Electric Wind Power Group Co., Ltd.	Shanghai	Manufacturing industry	RMB 1,333,333,400	61.40	0.60
Shanghai Turbine Works Co., Ltd.	Shanghai	Manufacturing industry	RMB 671,241,700	100.00	-
Shanghai Electric Nuclear Power Equipment Co., Ltd.	Shanghai	Manufacturing industry	RMB 3,788,194,200	96.00	4.00
Shanghai Electric Transmission and Distribution Group Co., Ltd. (Note 3(34))	Shanghai	Manufacturing industry	RMB 2,000,000,000	50.00	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 7 INTERESTS IN OTHER ENTITIES (CONT'D)

### (1) Interest in subsidiaries (Cont'd)

(a) Constitution of the Group (Cont'd)

	Major business location and place of registration	Nature of business	Registered capital (RMB)	Shareholding(%)	
				Direct	Indirect
Shanghai Electrical Apparatus Import & Export Co., Ltd.	Shanghai	Service industry	RMB 10,000,000	100.00	-
Shanghai Electric Gas Turbine Co., Ltd.	Shanghai	Manufacturing industry	RMB 600,000,000	60.00	-
Shanghai Electric SHMP Pulverising & Special Equipment Co., Ltd.	Shanghai	Manufacturing industry	RMB 150,000,000	100.00	-
Shanghai Electric Wind Power Yunnan Co., Ltd.	Yunnan	Manufacturing industry	RMB 20,000,000	-	100.00
Shanghai Institute of Mechanical & Electrical Engineering Co., Ltd.	Shanghai	Service industry	RMB 1,956,123,400	100.00	-
Shanghai Najie Complete Sets of Electric Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	RMB 50,000,000	-	85.00
Shanghai Blower Works Co., Ltd.	Shanghai	Manufacturing industry	RMB 5,000,000	100.00	-
Shanghai Prime Mingyu Machinery Technology Co., Ltd.	Shanghai	Manufacturing industry	RMB 2,305,970,870	87.68	7.88
Shanghai Electric Industrial Co., Ltd.	Shanghai	Service industry	RMB 209,700,600	100.00	-
Communication Company(Note 3)	Shanghai	Manufacturing industry	RMB 300,000,000	40.00	-
Shanghai Electric Investment Co., Ltd.	Shanghai	Financial industry	RMB 2,951,547,300	100.00	-

## 7 INTERESTS IN OTHER ENTITIES (CONT'D)

### (1) Interest in subsidiaries (Cont'd)

(a) Constitution of the Group (Cont'd)

	Major business location and place of registration	Nature of business	Registered capital (RMB)	Shareholding(%)	
				Direct	Indirect
Business combinations involving enterprises under common control					
Shanghai Renmin Electrical Apparatus Works	Shanghai	Manufacturing industry	RMB 132,352,900	-	68.00
Shanghai Electric POWER Transmission & Distribution Engineering Co., Ltd.	Shanghai	Manufacturing industry	RMB 50,000,000	-	100.00
Shanghai Electric Group Finance Co., Ltd.	Shanghai	Financial industry	RMB 3,000,000,000	74.63	14.28
Shanghai Electric Group Property Company Limited	Shanghai	Real estate industry	RMB 1,681,000,000	100.00	-
Shanghai Electric Power Generation Environment Protection Engineering Co., Ltd.	Shanghai	Manufacturing industry	RMB 102,631,579	95.56	-
Shanghai No.1 Machine Tool Works Co., Ltd.	Shanghai	Manufacturing industry	RMB 620,000,000	100.00	-
Shanghai Electric Leasing Co., Ltd.	Shanghai	Service industry	RMB 3,000,000,000	100.00	-
Shanghai Denso Fuel Injection Co., Ltd.	Shanghai	Manufacturing industry	USD 29,400,000	61.00	-
Shanghai Ningsheng Industrial Co., Ltd.	Shanghai	Integrated management industry	RMB 1,000,000	-	100.00

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 7 INTERESTS IN OTHER ENTITIES (CONT'D)

### (1) Interest in subsidiaries (Cont'd)

(a) Constitution of the Group (Cont'd)

	Major business location and place of registration	Nature of business	Registered capital (RMB)	Shareholding(%)	
				Direct	Indirect
Business combinations involving enterprises not under common control					
Shanghai Feihang Electric Wire & Cable Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	RMB 210,000,000	-	30.00
Shanghai Huapu Cable Co., Ltd. (Note 1)	Shanghai	Manufacturing industry	RMB 200,000,000	-	40.00
Shenzhen Yinghe Technology Co., Ltd. (Note 3(34))	Guangdong	Manufacturing industry	RMB 649,537,963	-	28.41

Note 1: According to the articles of association of Shanghai Nanhua-Lanling Electrical Co., Ltd., Shanghai Mitsubishi Elevator Co., Ltd., Shanghai Najie Complete Sets of Electric Co., Ltd., Shanghai Feihang Electric Wire & Cable Co., Ltd. and Shanghai Huapu Cable Co., Ltd., Huadian Shangdian (Shandong) New Energy Co., Ltd., the Group holds the majority of seats in the Board of Directors of the above companies, and can lead their major financial and operation decisions. Therefore, the Group has substantial control over these companies and includes them in the scope of consolidation as subsidiaries.

Note 2: The Group's subsidiaries, SMEI, Shanghai Electric Wind Power Group Co., Ltd. ("Electric Wind Power"), and Shenzhen Yinghe Technology Co., Ltd., are joint-stock companies, while all other subsidiaries are limited liability companies.

Note 3: According to the articles of association of the Communication Company, the Group can lead its major financial and operation decisions. Therefore, the Group has substantial control over the Communication Company and includes it in the scope of consolidation as a subsidiary.

Note 4: As the Group has a large number of subsidiaries, the table above only presents subsidiaries that have significant impacts on the income statement or owners' equity, and so not all subsidiaries are listed in this table.

## 7 INTERESTS IN OTHER ENTITIES (CONT'D)

### (1) Interest in subsidiaries (Cont'd)

#### (b) Subsidiaries with material non-controlling interests

The Group determines the subsidiaries with significant minority interests by considering factors such as whether the subsidiaries are listed companies and the proportion of their minority interests to the Group's consolidated shareholders' equity, which are set out below:

Subsidiaries	Shareholding of minority shareholders	Profit or loss attributable to minority shareholders for the year ended 31 December 2024	Dividends paid to minority shareholders at the end of 2024	Accumulated non-controlling interests at end of year
SMEI	51.19%	893,905	499,301	9,647,323
Shanghai Electric Wind Power Group Co., Ltd.	38.00%	(299,498)	-	1,954,881
Shenzhen Yinghe Technology Co., Ltd.	71.59%	907,961	570,863	5,091,604

#### (c) Key financial information on subsidiaries with material non-controlling interests

The summarised financial information of the above subsidiaries is set out below. The amounts disclosed are before inter-company eliminations:

For the year ended 31 December 2024	SMEI	Shanghai Electric Wind Power Group Co., Ltd.	Shenzhen Yinghe Technology Co., Ltd.
Current assets	28,538,486	16,946,412	11,795,149
Non-current	6,627,227	12,258,597	2,966,313
Total assets	35,165,713	29,205,009	14,761,462
Total liabilities	18,823,268	24,081,187	7,801,639
Revenue	20,682,466	10,438,021	8,523,721
Net profit/(loss)	1,351,418	(785,769)	1,050,998
Total comprehensive income	1,351,418	(786,548)	1,050,881
Cash flows from operating activities	897,400	43,345	26,506

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 7 INTERESTS IN OTHER ENTITIES (CONT'D)

### (1) Interest in subsidiaries (Cont'd)

(c) Key financial information on subsidiaries with material non-controlling interests (Cont'd)

For the year ended 31 December 2023	SMEI	Shanghai Electric Wind Power Group Co., Ltd.	Shenzhen Yinghe Technology Co., Ltd.
Current assets	30,699,835	14,870,483	14,588,588
Non-current assets	6,516,945	10,986,933	2,953,496
Total assets	37,216,780	25,857,416	17,542,084
Total liabilities	21,008,134	19,983,032	11,041,531
Revenue	22,321,161	10,114,213	9,749,786
Net profit/(loss)	1,562,689	(1,271,528)	1,019,175
Total comprehensive income	1,562,689	(1,269,013)	1,019,221
Cash flows generated/(used) from operating activities	1,265,129	(3,948,779)	1,398,987

### (2) Interests in joint ventures and associates

(a) Significant joint ventures and associates

Significant joint ventures and associates are presented as below:

	Major business location and place of registration	Nature of business	Shareholding(%)		Accounting method
			Direct	Indirect	
Joint ventures -					
Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai	Manufacturing of communication equipment	-	49	Equity method
Shanghai FANUC Robotics Co., Ltd.	Shanghai	Manufacturing of specialized equipment	-	50	Equity method
Associates -					
Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.	Shanghai	Manufacturing of communication equipment	-	30	Equity method



## 7 INTERESTS IN OTHER ENTITIES (CONT'D)

### (2) Interests in joint ventures and associates (Cont'd)

(b) Summarised financial information for significant joint ventures and associates

The table below presents the financial information of significant joint ventures and associates, which have been adjusted for differences in accounting policies and reconciled to the carrying amount of these financial statements:

For the year ended 31 December 2024	Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai FANUC Robotics Co., Ltd.	Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.
Current assets	2,049,082	5,149,638	2,774,295
Non-current assets	14,626	2,136,120	747,367
Total assets	2,063,708	7,285,758	3,521,662
Current liabilities	943,753	1,823,658	1,972,656
Non-current liabilities	-	3,851	-
Total liabilities	943,753	1,827,509	1,972,656
Minority interests	-	-	-
Attributable to shareholders of the parent company	1,119,955	5,458,249	1,549,006
Share of net assets based on shareholding	548,778	2,729,124	464,702
Adjustments	-	-	4,067
Carrying amount of investments in joint ventures	548,778	2,729,124	468,769

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 7 INTERESTS IN OTHER ENTITIES (CONT'D)

### (2) Interests in joint ventures and associates (Cont'd)

*(b) Summarised financial information for significant joint ventures and associates (Cont'd)*

The table below presents the financial information of significant joint ventures and associates, which have been adjusted for differences in accounting policies and reconciled to the carrying amount of these financial statements:(Cont'd)

For the year ended 31 December 2024	Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai FANUC Robotics Co., Ltd.	Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.
Revenue	2,720,269	6,069,848	5,515,275
Net profit	302,664	643,891	521,185
Other comprehensive income	-	-	-
Total comprehensive income	302,664	643,891	521,185
Net cash flows from operating activities	50,608	262,473	65,400

## 7 INTERESTS IN OTHER ENTITIES (CONT'D)

### (2) Interests in joint ventures and associates (Cont'd)

(b) Summarised financial information for significant joint ventures and associates (Cont'd)

The table below presents the financial information of significant joint ventures and associates, which have been adjusted for differences in accounting policies and reconciled to the carrying amount of these financial statements:(Cont'd)

For the year ended 31 December 2023	Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai FANUC Robotics Co., Ltd.	Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.
Current assets	1,412,065	5,499,928	2,037,839
Non-current assets	13,383	2,131,507	712,500
Total assets	1,425,448	7,631,435	2,750,339
Current liabilities	504,875	2,281,110	1,508,489
Non-current liabilities	-	11,022	7,546
Total liabilities	504,875	2,292,132	1,516,035
Minority interests	-	-	-
Attributable to shareholders of the parent company	920,573	5,339,303	1,234,304
Share of net assets based on shareholding	451,081	2,669,651	370,291
Adjustments	-	-	9,650
Carrying amount of investments in joint ventures	451,081	2,669,651	379,941

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 7 INTERESTS IN OTHER ENTITIES (CONT'D)

### (2) Interests in joint ventures and associates (Cont'd)

*(b) Summarised financial information for significant joint ventures and associates (Cont'd)*

The table below presents the financial information of significant joint ventures and associates, which have been adjusted for differences in accounting policies and reconciled to the carrying amount of these financial statements:(Cont'd)

For the year ended 31 December 2023	Shanghai Fanuc Intelligent Machines Co., Ltd.	Shanghai FANUC Robotics Co., Ltd.	Shanghai Yileng Carrier Air Conditioning Equipment Co., Ltd.
Revenue	1,635,047	7,389,452	4,358,067
Net profit	206,564	1,049,893	315,657
Other comprehensive income	-	-	-
Total comprehensive income	206,564	1,049,893	316,653
Net cash flows from operating activities	85,871	333,025	103,927

The Group calculates share of net assets in proportion of the shareholding based on the amount attributable to the parent company of associates in their consolidated financial statements, which has taken into account the impacts of both the fair value of the identifiable assets and liabilities of the associates upon acquisition of investments in associates and the unification of accounting policies adopted by the associates to those adopted by the Group.

Other adjustments include the embedded goodwill, etc.

There was no excess loss incurred in significant joint ventures or associates in the current year.

## 8 FINANCIAL INSTRUMENTS AND RISKS

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the Group's financial performance.

### (1) Market risk

#### *(a) Foreign exchange risk*

The Group's operational activities carried out in the Chinese mainland are denominated in RMB, while the overseas activities are denominated in foreign currencies, including USD and EUR, thus the overseas transactions are exposed to foreign exchange risk. In addition, the Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. As at 31 December 2024, the Group's foreign currency borrowings amounted to USD740,429 thousand, equivalent to RMB5,322,502 thousand. The Group generally mitigates its foreign exchange risk by entering into forward foreign exchange contracts.

The financial assets and financial liabilities denominated in foreign currencies, which are held by the subsidiaries of the Group, whose recording currencies are RMB, are expressed in RMB as at 31 December 2024 and 31 December 2023 as follows:

	31 December 2024				
	USD	JPY	EUR	HKD	Total
Financial assets denominated in foreign currencies -					
Cash at bank and on hand	4,248,347	30,156	568,657	238,880	5,086,040
Accounts receivable	3,346,659	-	203,247	37,368	3,587,274
Other receivables	519,943	103	5,950	50,521	576,517
Total	8,114,949	30,259	777,854	326,769	9,249,831
Financial liabilities denominated in foreign currencies -					
Accounts payable	472,604	9,324	75,479	105	557,512
Other payables	1,580,397	4,417	36,642	30,754	1,652,210
Short-term borrowings	-	24,874	1,596,079	754,723	2,375,676
Long-term borrowings	882,066	-	1,785,990	-	2,668,056
Current portion of long-term borrowings	248,624	-	30,146	-	278,770
Total	3,183,691	38,615	3,524,336	785,582	7,532,224

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

### (1) Market risk (Cont'd)

#### (a) Foreign exchange risk (Cont'd)

	31 December 2023				
	USD	JPY	EUR	HKD	Total
Financial assets denominated in foreign currencies -					
Cash at bank and on hand	3,551,554	54,118	390,618	1,782	3,998,072
Accounts receivable	11,590,732	-	1,144,803	-	12,735,535
Other receivables	681,355	1,228	175,152	-	857,735
	15,823,641	55,346	1,710,573	1,782	17,591,342
Financial liabilities denominated in foreign currencies -					
Accounts payable	1,562,664	11,499	1,015,441	-	2,589,604
Other payables	1,029,782	19,875	151,150	-	1,200,807
Short-term borrowings	460,376	-	1,645,685	453,100	2,559,161
Long-term borrowings	2,512,883	-	755,888	-	3,268,771
Current portion of long-term borrowings	244,968	-	1,966,726	-	2,211,694
Total	5,810,673	31,374	5,534,890	453,100	11,830,037

As at 31 December 2024, a 5% appreciation/depreciation of RMB against the relevant foreign currencies would result in an increase/(decrease) to the Group's profit before tax as follows:

	Strengthened	Weakened
USD	(246,563)	246,563
JPY	418	(418)
EUR	137,324	(137,324)
HKD	22,941	(22,941)

## 8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

### (1) Market risk (Cont'd)

#### *(b) Interest rate risk*

The Group's interest rate risk mainly arises from long-term interest-bearing liabilities including long-term bank borrowings and bonds payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2024, the Group's interest-bearing borrowings with floating rates mainly represented floating rate borrowing contracts denominated in RMB, USD and EUR, with the amounts of RMB21,011,099 thousand (31 December 2023: RMB18,964,383 thousand).

The Group's finance department at its headquarters continuously monitors the interest rate level of the Group. Increases in interest rates will increase the cost of new borrowing and the interest costs with respect to the Group's outstanding floating rate borrowings and therefore could have a material adverse effect on the Group's financial performance. Management adjusts timely with reference to the latest market conditions.

As at 31 December 2024, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's profit before tax would have decreased/increased by approximately RMB103,040 thousand (31 December 2023: approximately RMB94,821 thousand).

#### *(c) Other price risk*

The Group's other price risk arises mainly from various investments in equity instruments which are exposed to the risk of price changes on equity instruments.

As at 31 December 2024, if the estimated price of investments in equity instruments had risen/fallen by 5% while all other variables had been held constant, the Group's profit before tax would have been approximately RMB40,817 thousand (31 December 2023: approximately RMB81,482 thousand) higher/lower. There was no (31 December 2023: Nil) impact on other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

### (2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, loans and advances to customers, long-term receivables, notes receivable, accounts receivable, receivables financing, other receivables, contract assets, debt investments, other debt investments, financial guarantee contracts, and investments in debt instruments and derivative financial assets at fair value through profit or loss that are not included in the impairment assessment scope. As at the balance sheet date, the carrying amount of the Group's financial assets represented the maximum credit exposure of the Group. The maximum credit exposure off the balance sheet was the maximum amount of RMB1,100,491 thousand that need to be paid for fulfilment of guarantee obligations/commitments (Note 8(3)).

The Group expects that there is no significant credit risk associated with cash at bank and bank acceptance notes since they are mainly deposited at and accepted by state-owned banks and other medium or large size listed banks. The Group does not expect that there will be any significant losses from non-performance by these counterparties.

## 8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

### (2) Credit risk (Cont'd)

Debt investments and other debt investments held by the Group mainly consist of fixed-income bonds with high credit ratings, such as government bonds and financial bonds. The Group controls its exposure to credit risk by setting overall investment quota, which are reviewed and approved annually. The Group regularly monitors the credit risk exposure of bond investments, changes in credit ratings of bonds and other relevant information to ensure the overall credit risk of the Company is limited to a controllable extent.

The Group has policies to limit the credit exposure on notes receivable, accounts receivable, other receivables and contract assets. The Group assesses the credit quality of and sets credit periods on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will chase settlement by using written payment reminders, or shorten/cancel credit periods to ensure the overall credit risk of the Group is limited to a controllable extent. For trade acceptance notes receivable, accounts receivable and contract assets with significantly different credit risk characteristics, the Group evaluated the distribution of expected cash flows under multiple scenarios based on historical credit loss experience, operating model, current situations and forecasts of future conditions of contract counterparties under different situations, taking into account the professional legal advice from external lawyers and the asset preservation related to the litigation, and made corresponding provision for ECL according to ECL rate and the related probability weight under different scenarios.

In addition, financial guarantees or loan commitments may involve risks due to the failure of counterparties. The Group has strict application and approval requirements for financial guarantees or loan commitments. Considering internal and external credit ratings and other information, the Group continuously monitor credit risk exposures, changes in counterparty credit ratings and other relevant information to ensure the overall credit risk of the Group is limited to a controllable extent.

The Group only deals with recognised and reputable third parties on the lease business of the Lease Company. According to the Group's policy, credit review is required for all customers that trade by using credit methods. The Group continuously monitors the balance of long-term lease receivables, to prevent the Group from exposure to significant risk of bad debts.

The loan business provided by the Finance Company is dealt with the subsidiaries of Electric Holdings. The Group has established a credit quality evaluation system, setting credit limit and determining required pledge value and guarantee level based on borrower's risk level. Risk assessment includes borrower investigation, risk classification, evaluation and setting of credit limit, loan review and post-lending monitoring. The Group conducts risk assessment regularly, to ensure that the Group timely monitors potential risks and adopts proper precautions.

As at 31 December 2024, the fair value of significant collateral held by the Group as a result of the debtor's mortgage was RMB3,847,058 thousand and the risk exposure on the debt was RMB5,845,686 thousand.

As at 31 December 2024, other receivables of the Group from an associate amounted to RMB 222,344 thousand. As for the above other receivables, the related enterprise of the associate is committed to assuming joint guarantee liabilities for outstanding amounts under guarantee.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

### (3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity dates below at their undiscounted contractual cash flows:

For the year ended 31 December 2024	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	9,657,774	-	-	-	9,657,774
Financial liabilities held for trading and derivative financial liabilities	64,038	-	-	-	64,038
Notes payable	15,124,080	-	-	-	15,124,080
Accounts payable	60,569,875	-	-	-	60,569,875
Deposits from customers, banks and other financial institutions	7,553,535	-	-	-	7,553,535
Long-term borrowings (including the current portion)	9,778,842	9,129,526	7,714,663	14,409,580	41,032,611
Bonds payable (including the current portion)	766,065	-	-	-	766,065
Long-term payables (including the current portion)	254,888	38,330	221,200	276,297	790,715
Lease liabilities	393,439	977,590	286,578	262,498	1,920,105
Other financial liabilities	17,197,503	-	-	-	17,197,503
Total	121,360,039	10,145,446	8,222,441	14,948,375	154,676,301

## 8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

### (3) Liquidity risk (Cont'd)

(i) As at the balance sheet date, the Group's financial guarantees and non-financial guarantee letters provided to external parties are analysed below based on the maximum amounts and the earliest periods in which the guarantees could be called:

31 December 2024	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial guarantees	1,100,491	-	-	-	1,100,491

31 December 2023	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial guarantees	1,786,278	-	-	-	1,786,278
Acceptance notes	2,409	-	-	-	2,409
Total	1,788,687	-	-	-	1,788,687

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 8 FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

### (4) Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholders' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

As of December 31, 2024, and December 31, 2023, the Group's gearing ratio is listed as follow:

	31 December 2024	31 December 2023 (Restated)
Interest-bearing bank borrowings and other borrowings	46,020,408	45,281,492
Including:		
Short-term borrowings (Note 5 (33))	9,548,227	8,272,416
Long-term borrowings (Note 5 (45))	27,682,117	30,893,868
Current portion of long-term borrowings (Note 5 (43))	8,790,064	6,115,208
Bonds	766,064	765,374
Lease liabilities	1,840,945	1,450,546
Deposits from customers	7,333,529	7,240,915
Net liabilities	55,960,946	54,738,327
Total equity	77,380,319	79,854,479
Total equity and net liabilities	133,341,265	134,592,806
Gearing ratio	41.97%	40.67%

## 9 FAIR VALUE DISCLOSURES

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.

### (1) Assets and liabilities measured at fair value

For the year ended 31 December 2024	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Financial assets				
Financial assets held for trading -				
Investments in funds held for trading	6,308,325	-	-	6,308,325
Investments in equity instruments held for trading	20,754	-	-	20,754
Investments in bonds held for trading	826,182	-	-	826,182
Wealth management products	-	271,434	-	271,434
Non-hedging derivative financial instruments	-	352,865	-	352,865
Derivative financial assets -	-	520	-	520
Receivables financing -				
Notes receivable measured at fair value through other comprehensive income	-	-	1,034,747	1,034,747
Accounts receivable measured at fair value through other comprehensive income	-	-	57,249	57,249
Other current assets -				
Interbank deposits	-	3,649,157	-	3,649,157
Other short-term debt investments	-	-	329,401	329,401
Other non-current financial assets	795,582	601,174	5,038,660	6,435,416
Other debt investments	368,431	-	-	368,431
Total assets	8,319,274	4,875,150	6,460,057	19,654,481
Financial liabilities				
Derivative financial liabilities	-	25,507	-	25,507
Financial liabilities held for trading	-	38,531	-	38,531
Total liabilities	-	64,038	-	64,038

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 9 FAIR VALUE DISCLOSURES (CONT'D)

### (1) Assets and liabilities measured at fair value (Cont'd)

For the year ended 31 December 2023	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Financial assets				
Financial assets held for trading -				
Investments in funds held for trading	6,254,518	-	-	6,254,518
Investments in equity instruments held for trading	69,727	-	-	69,727
Investments in bonds held for trading	615,337	-	-	615,337
Wealth management products	-	206,885	-	206,885
Non-hedging derivative financial instruments	-	345,896	-	345,896
Derivative financial assets -	-	12,798	-	12,798
Receivables financing -				
Notes receivable measured at fair value through other comprehensive income	-	-	1,242,567	1,242,567
Accounts receivable measured at fair value through other comprehensive income	-	-	112,377	112,377
Other current assets -				
Interbank deposits	-	4,244,935	-	4,244,935
Other non-current financial assets	1,604,695	543,945	5,190,472	7,339,112
Total assets	8,544,277	5,354,459	6,545,416	20,444,152
Financial liabilities				
Derivative financial liabilities	-	3,425	-	3,425
Financial liabilities held for trading	-	34,435	-	34,435
Total liabilities	-	37,860	-	37,860

## 9 FAIR VALUE DISCLOSURES (CONT'D)

### (1) Assets and liabilities measured at fair value (Cont'd)

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is no transfer between Level 1 and Level 2 for the current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. For the financial assets at fair value through profit or loss which are recognised at initial recognition, the valuation models used mainly comprise Monte Carlo simulation model, and the inputs of the valuation technique mainly include stock expected yield and stock expected volatility; the fair value of bond investments and wealth management products are basically obtained from third parties' quoted prices of the same or comparable assets, and the valuation models used mainly comprise discounted cash flow model and market comparable corporate model.

Information about Level 2 fair value measurements is as follows:

	As at 31 December 2024	Valuation technique(s)	Unobservable inputs	
			Name	Range/ weighted average
Derivative financial assets— Forward currency contracts and futures	520	Income method	Forward exchange rate for USD against RMB	Range: 7.1720-7.1951 Weighted average: 7.1801
	As at 31 December 2023	Valuation technique(s)	Unobservable inputs	
			Name	Range/ weighted average
Derivative financial assets— Forward currency contracts	12,798	Income method	Forward exchange rate for USD against RMB	Range: 6.7130-7.2258 Weighted average: 7.0467



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 9 FAIR VALUE DISCLOSURES (CONT'D)

### (1) Assets and liabilities measured at fair value (Cont'd)

The changes in Level 3 assets and liabilities are analysed below:

For the year ended 31 December 2024	Opening balance	Transfer into Level 3	Total gains or losses for the current period		Purchase	Sales	Closing balance	Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2024 - Gains or losses on changes in fair value
			Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income				
Financial assets								
Other current assets	-	-	(250,138)	-	579,539	-	329,401	(250,138)
Other non-current financial assets	5,190,472	-	(147,191)	691	39,173	(44,485)	5,038,660	(147,191)
Receivables financing	1,354,944	-	-	-	2,042,997	(2,305,945)	1,091,996	-
	6,545,416	-	(397,329)	691	2,661,709	(2,350,430)	6,460,057	(397,329)

For the year ended 31 December 2023	Opening balance	Transfer into Level 3	Total gains or losses for the current period		Purchase	Sales	Closing balance	Changes in unrealised gains or losses included in profit or loss for the current year with respect to assets still held as at 31 December 2024 - Gains or losses on changes in fair value
			Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income				
Financial assets - Other non-current financial assets	6,487,372	(884,488)	(85,003)	-	80,646	(408,055)	5,190,472	(85,003)
Receivables financing	2,105,589	-	-	(2,202)	1,670,492	(2,418,935)	1,354,944	-
	8,592,961	(884,488)	(85,003)	(2,202)	1,751,138	(2,826,990)	6,545,416	(85,003)

## 9 FAIR VALUE DISCLOSURES (CONT'D)

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

Information about the Level 3 fair value measurement is as follows:

	Valuation technique	Fair value as at 31 December 2024	Inputs			
			Name	Scope/ Weighted average	Relationship with fair value	Observable/ Unobservable
Other current assets at fair value through profit or loss	Income approach	329,401	Discount rates	9.1%	Negative correlation	Unobservable
Other non-current financial assets at fair value through profit or loss -	Income approach	3,860,250	Discount rates	4.4%-12.6%	Negative correlation	Unobservable
	Comparable transaction method	633,114	Discount due to lack of control	11.6%	Negative correlation	Unobservable
	Market multiple method	545,296	Price to book ratio (P/B)	1.0%-2.6%	Positive correlation	Unobservable
			scale risk discount	20%	Negative correlation	Unobservable
			Liquidity discount	25%	Negative correlation	Unobservable
Notes receivable measured at fair value through other comprehensive income -	Income approach	1,034,747	Discount rates	1.3%	Negative correlation	Unobservable
Accounts receivable measured at fair value through other comprehensive income -	Income approach	57,249	Discount rates	4.8%-6%	Negative correlation	Unobservable
Total		<u>6,460,057</u>				

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 9 FAIR VALUE DISCLOSURES (CONT'D)

### (2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

The Group's financial assets and liabilities measured at amortised cost mainly include notes receivable, accounts receivable, other receivables, debt investments, long-term receivables, short-term borrowings, accounts payables, long-term borrowings, bonds payable and long-term payables.

Except for financial assets and liabilities listed below, the carrying amount of other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	31 December 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities -				
Long-term borrowings	27,682,117	27,086,587	30,893,868	29,948,920
Bonds payable	-	-	749,300	749,232
Total	27,682,117	27,086,587	31,643,168	30,698,152

The fair value of long-term borrowings is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 2 of the fair value hierarchy.

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (1) General information of the parent company

	Place of registration	Nature of business	Registered capital (thousand)	Shareholding (%)	Voting rights (%)
Electric Holdings	PRC Shanghai	Contracting, manufacturing, sales and service	11,472,116	43.09	43.09

The parent company and ultimate holding company of the Company is Electric Holdings.

### (2) Information of subsidiaries

The general information and other related information of subsidiaries are set out in Note 7 (1).

### (3) Information of joint ventures and associates

The general information and other related information of joint ventures and associates are set out in Note 5 (19) and Note 7 (2).

### (4) Information of other related parties

	Related party relationships
Suzhou Thvow Technology Co., Ltd.	Controlled by the parent company
Wuhu Highly Marelli Automotive Thermal Management System Co., Ltd.	Controlled by the parent company
Wuhu Highly Property Management Co., Ltd.	Controlled by the parent company
Wuhu Highly New Energy Technology Co., Ltd.	Controlled by the parent company
Mianyang Highly Electrical Appliances Co., Ltd.	Controlled by the parent company
Highly Marelli Automotive Systems Co., Ltd.	Controlled by the parent company
Highly Marelli (Wuxi) Automotive Thermal Management System Co., Ltd.	Controlled by the parent company
Highly Marelli (Nantong) Automotive Air Conditioning Compressor Co., Ltd.	Controlled by the parent company
Hangzhou Fusheng Electrical Appliance Co., Ltd.	Controlled by the parent company
Anwha (Shanghai) Automation Engineering Co., Ltd.	Controlled by the parent company
Zhanghuaji (Suzhou) Heavy Equipment Co., Ltd.	Controlled by the parent company
Pacific Mechatronic (Group) Co., Ltd.	Controlled by the parent company
Thar Coal Field No. 1 Area Power Generation Co., Ltd.	Controlled by the parent company
Nanchang Highly Electrical Appliances Co., Ltd.	Controlled by the parent company
Sino Sindh Resources (Pvt.) Ltd.	Controlled by the parent company
China National Machinery Power Engineering Co., Ltd.	Controlled by the parent company
Shanghai Heavy Machinery Plant Co., Ltd.	Controlled by the parent company

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (4) Information of other related parties (Cont'd)

	Related party relationships
Shanghai Marine Crankshaft Co., Ltd.	Controlled by the parent company
Shanghai Automation Instrumentation Co., Ltd.	Controlled by the parent company
Shanghai Lianhe Wood Industry Co., Ltd.	Controlled by the parent company
Shanghai Electric Group Hong Kong Co., Ltd.	Controlled by the parent company
Shanghai Electric Light Industry Asset Management Co., Ltd.	Controlled by the parent company
Shanghai Electric Light Industry Tools Co., Ltd.	Controlled by the parent company
Shanghai Electric Property Co., Ltd.	Controlled by the parent company
Shanghai Electric International Economic & Trading Co., Ltd.	Controlled by the parent company
Shanghai Electric Enterprise Development Co., Ltd.	Controlled by the parent company
Shanghai Electric Human Resources Co., Ltd.	Controlled by the parent company
Shanghai Electric (Group) Corporation Education Centre	Controlled by the parent company
Shanghai Highly Foundry Co., Ltd.	Controlled by the parent company
Shanghai Highly Electrical Appliances Co., Ltd.	Controlled by the parent company
Shanghai Highly Special Cooling Equipment Co., Ltd.	Controlled by the parent company
Shanghai Highly New Energy Technology Co., Ltd.	Controlled by the parent company
Shanghai Highly (Group) Co., Ltd.	Controlled by the parent company
Shanghai Enamel Stainless Steel Products Joint Co., Ltd	Controlled by the parent company
Shanghai Shuang'ai Property Management Co., Ltd.	Controlled by the parent company
Shanghai Beiji Building Materials Market Management Co., Ltd.	Controlled by the parent company
Shanghai Refrigeration Machine Works Co., Ltd.	Controlled by the parent company
Shanghai Gongxin Investment Management Co., Ltd.	Controlled by the parent company
Shanghai Hero Industrial Co., Ltd.	Controlled by the parent company
Shanghai Electric Bearing Co., Ltd.	Controlled by the parent company
Yumen XinNeng No.1 Electric Power Co., Ltd	Controlled by the parent company
Shanghai Di'an Investment Management Co., Ltd.	Other related enterprises
Shanghai Shenxin Wind Power Co., Ltd.	Other related enterprises
Shanghai Paibo Zhidian Enterprise Management Co., Ltd.	Other related enterprises
Shanghai Micro Electronics Equipment (Group) Co., Ltd.	Other related enterprises
Shanghai Target Investment Management Co., Ltd.	Other related enterprises
Shanghai Dalong Machinery Plant Co., Ltd.	Other related enterprises
Shanghai 800 Show Co. Ltd.	Other related enterprises
Siemens (China) Co., Ltd. Shanghai Branch	Other related enterprises

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (5) Related party transactions

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

#### *(a) Purchase and sales of goods, and rendering and receipt of services*

Purchase of goods and receipt of services from related parties:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Companies controlled by the parent company	210,954	251,944
Joint ventures	-	94
Associates	3,662,897	3,192,247
Other related enterprises	62,683	617,795
Total	3,936,534	4,062,080

Sales of goods and rendering of services to related parties:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Electric Holdings	287,253	229,092
Companies controlled by the parent company	265,324	258,950
Joint ventures	2,579	10,999
Associates	1,995,443	960,406
Other related enterprises	222,327	4,652,741
Total	2,772,926	6,112,188

Construction income from related parties

	For the year ended 31 December 2024	For the year ended 31 December 2023
Companies controlled by the parent company	25,287	1,268,154

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (5) Related party transactions (Cont'd)

#### (b) Leases of related parties

The Group as the lessor:

Lease income:	Rental income of 2024	Rental income of 2023
Electric Holdings	-	16,298
Companies controlled by the parent company	176,890	158,327
Joint ventures	7,068	6,963
Associates	18,013	16,215
Other related enterprises	26,518	1,440
Total	228,489	199,243

Right-of-use assets leased in the current year with the Group as the lessee:

	Type of the leased asset	For the year ended 31 December 2024	For the year ended 31 December 2023
Companies controlled by the parent company	Buildings	9,159	8,991

#### (c) Loans from related parties to the Group:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Electric Holdings	101,600	122,750

#### (d) Loans from the Group to related parties and interest incurred:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Companies controlled by the parent	635	-
Other related parties	7	-
Joint ventures	101,480	118,163
Total	102,122	118,163

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (5) Related party transactions (Cont'd)

(e) Loans repaid by the Group to related parties:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Electric Holdings	71,600	30,000
Companies controlled by the parent company	205,212	226,966
Total	276,812	256,966

(f) Borrowing guarantees provided by the Group to related parties

	31 December 2024		31 December 2023	
	Cap amount	Actual amount	Cap amount	Actual amount
Shanghai Electric Holding Group Co., Ltd.	901,233	901,233	-	-
Tianjin Qingyuan Water Treatment Technology Co., Ltd.	253,000	160,730	253,000	160,730
China National Machinery Power Engineering Co., Ltd.	128,000	37,200	128,000	37,200
Suzhou Thvow Technology Co., Ltd.	104,000	94,000	104,000	94,000
Yumen Xinneng CSP No.1 Electric Power Co., Ltd.	100,000	67,000	100,000	67,000
Nabtesco (China) Precision Machine Co., Ltd.	18,308	18,308	19,884	19,884

(g) Borrowing guarantees provided by related parties to the Group

Communication Company, a subsidiary of the Group, entered into the Contract for Syndicated Loans of RMB One Billion One Hundred and Eighty-eight Million ("Host Contract") with Shanghai Pudong Development Bank Co., Ltd. Fengxian Sub-branch ("Guarantee Agency"), Postal Savings Bank of China Co., Ltd. Shanghai Putuo Sub-branch, Bank of Communications Co., Ltd. Shanghai Branch, Bank of Ningbo Co., Ltd. Shanghai Branch, Bank of Jiangsu Co., Ltd. Shanghai Fengxian Sub-branch, China CITIC Bank Corporation Limited Shanghai Branch and Bank of Hangzhou Co., Ltd. Shanghai Branch (collectively the "Syndicate" or "Lenders"). As the guarantor, the Group's parent company Electric Holdings concluded the Guarantee Contract for Syndicated Loans of RMB One Billion Two Hundred and One Million ("Guarantee Contract") with the Syndicate and Communication Company, in which Electric Holdings has affirmed that where Communication Company fails to fulfil debt obligations as per the Host Contract, the Guarantee Agency (on behalf of all Lenders) has the right to request all or any of guarantors under the Guarantee Contract to assume full guarantee liabilities within the scope of the contract, regardless of whether each Lender is entitled to other warranty for the debts in relation to the Host Contract (including but not limited to the form of guarantee, mortgage and pledge). However, the Guarantee Agency has no right to force other warrantors or guarantors to bear warranty liabilities. The guarantee period ends three years after the expiry of the debt obligations.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (5) Related party transactions (Cont'd)

(h) Remuneration of key management

	For the year ended 31 December 2024	For the year ended 31 December 2023
Directors	5,103	3,640
Supervisors	2,278	2,027
Senior management	9,419	8,190
Total	16,800	13,857

### (6) Amounts due from/to related parties

(a) Receivables

		31 December 2024		31 December 2023	
	Related parties	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Electric Holdings	34,882	674	125,775	118
	Companies controlled by the parent company	1,351,280	123,201	6,798,713	141,555
	Joint ventures	1,333	-	-	-
	Associates	574,846	49,800	934,559	49,209
	Other related enterprises	47,277	2,418	969,418	16,144
	Total	2,009,618	176,093	8,828,465	207,026
Notes receivable	Companies controlled by the parent company	2,471	-	6,020	-
	Associates	54,253	-	43,734	23
	Other related enterprises	-	-	8,176	-
	Total	56,724	-	57,930	23
Other receivable	Companies controlled by the parent company	607,638	1,646	404,224	1,646
	Joint ventures	39,038	-	39,000	-
	Associates	442,267	233,933	1,345,532	675,075
	Other related enterprises	-	-	50	-
	Total	1,088,943	235,579	1,788,806	676,721

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (6) Amounts due from/to related parties (Cont'd)

#### (a) Receivables (Cont'd)

		31 December 2024		31 December 2023	
Related parties		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Contract assets	Companies controlled by the parent company	1,017,401	7,079	1,549,750	10,677
	Associates	68,636	1,005	112,714	1,709
	Other related enterprises	28,920	973	21,733	772
	Total	1,114,957	9,057	1,684,197	13,158
Other non-current assets - Contract assets	Electric Holdings	12,124	34	10,918	38
	Companies controlled by the parent company	31,717	98	27,917	98
	Other related enterprises	118,874	7,284	46,252	2,125
	Total	162,715	7,416	85,087	2,261
Long-term receivables (including the current portion)	Joint ventures	1,824,821	604,617	1,790,867	595,726

As at 31 December 2024 and 31 December 2023, the aforesaid balances of long-term receivables represented borrowing to related parties, which were in Stage 2.

		31 December 2024		31 December 2023	
Related parties		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Prepayments	Companies controlled by the parent company	47,494	-	70,460	-
	Associates	843,611	-	684,669	-
	Other related enterprises	133,175	-	113,029	-
	Total	1,024,280	-	868,158	-
Dividends receivable	Associates	27,475	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (6) Amounts due from/to related parties (Cont'd)

(b) Payables

	Related parties	31 December 2024	31 December 2023
Accounts payable	Companies controlled by the parent company	121,402	153,504
	Joint ventures	1,306	50
	Associates	297,656	429,847
	Other related enterprises	69,684	139,304
		<u>490,048</u>	<u>722,705</u>
Notes payable	Companies controlled by the parent company	12,703	21,658
	Joint ventures	75	-
	Associates	480,472	287,383
		<u>493,250</u>	<u>309,041</u>
Contract liabilities	Electric Holdings	2,804	120,519
	Companies controlled by the parent company	113,581	446,060
	Associates	21,648	3,563
	Other related enterprises	51,088	112,205
		<u>189,121</u>	<u>682,347</u>

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (6) Amounts due from/to related parties (Cont'd)

#### (b) Payables (Cont'd)

	Related parties	31 December 2024	31 December 2023
Other payables	Electric Holdings	1,463,275	-
	Companies controlled by the parent company	4,814	12,523
	Associates	37,607	-
	Other related enterprises	20,799	149,379
		<u>1,526,495</u>	<u>161,902</u>
Dividends payable	Companies controlled by the parent company	-	10,660
		<u>-</u>	<u>10,660</u>
Current portion of long-term payables	Electric Holdings	-	71,600
	Companies controlled by the parent company	328	205,540
	Associates	46,313	38,043
		<u>46,641</u>	<u>315,183</u>
		<u>46,641</u>	<u>315,183</u>
Long-term payables	Electric Holdings	<u>224,350</u>	<u>122,750</u>
Lease liabilities	Companies controlled by the parent company	<u>37,200</u>	<u>41,761</u>

Receivables from and payables to related parties are non-interest-bearing and not guaranteed.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (7) Deposit and loan services provided by the Finance Company to related parties

#### (a) Deposits from customers

	31 December 2024	31 December 2023
Electric Holdings	3,129,861	3,846,374
Companies controlled by the parent company	4,030,301	3,205,979
Associates	14,728	3,859
Other related enterprises	13,410	27,033
Total	7,188,300	7,083,245

#### (b) Interest costs

	For the year ended 31 December 2024	For the year ended 31 December 2023
Electric Holdings	38,111	40,707
Companies controlled by the parent company	49,729	43,989
Associates	26	24
Other related enterprises	212	324
Total	88,078	85,044

## 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONT'D)

### (7) Deposit and loan services provided by the Finance Company to related parties (Cont'd)

#### (c) Loans

	31 December 2024		31 December 2023	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Electric Holdings	3,861,750	90,546	4,578,750	145,146
Companies controlled by the parent company	7,002,635	325,108	4,369,675	294,030
Total	10,864,385	415,654	8,948,425	439,176

#### (d) Interest income from loans and discount of notes

	For the year ended 31 December 2024	For the year ended 31 December 2023
Electric Holdings	116,075	84,269
Companies controlled by the parent company	236,790	178,552
Associates	572	396
Total	353,437	263,217

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 11 COMMITMENTS AND CONTINGENCIES

### (1) Capital commitments

	31 December 2024	31 December 2023
Contracted	790,969	847,565
Authorised but not contracted	152,990	7,085
Total	943,959	854,650

### (2) Investment commitments

	31 December 2024	31 December 2023
Contracted but not fulfilled	718,137	854,826

### (3) Contingencies

In June 2008, the Company 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 USD1,311 million, and a guarantee letter from its related parties ("the Guarantor") 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 High Court of India for property preservation of the Guarantor, the court has granted the Company a temporary property preservation order.

In August 2021, the Company received a lawsuit ("Lawsuit I") filed by the operator of the coal-fired power plant project in the High Court of Bombay, India, in which the operator simultaneously sued the general contractor of the project, the buyer (related parties of the operator) and the Company, seeking joint liabilities from all defendants for losses of approximately RMB 2,133 million.

In December 2021, the Company received a notice ("Arbitration II") from SIAC for the acceptance of the arbitration application from the buyer of the above-mentioned project, where they asserted quality issues with the equipment supplied by the Company on the project, claiming for losses of approximately USD 389 million from the Company, including damages due to the project operator for loss of plant operations and tariff revenue totalling USD 324 million, maintenance costs of USD 31 million, liquidated damages for delay in equipment delivery of US 34 million, and interest, etc. The buyer also believed that the project's performance bond was unjustifiably released and requested the Company to issue a performance bond of USD 120 million to secure its claim.

In July 2022, the High Court of Bombay in India dismissed the Lawsuit I on the grounds that the plaintiff did not satisfy the conditions of the lawsuit and failed to amend the petition within the prescribed time.

## 11 COMMITMENTS AND CONTINGENCIES (CONT'D)

### (3) Contingencies (Cont'd)

In December 2022, the Company received an award from the SIAC in relation to Arbitration I. The award is as follows: the Guarantor is ordered to pay to the Company a total of USD 146 million, including the outstanding amount of the construction work, pre-award interest and other legal fees; the Guarantor is ordered to pay to the Company post-award interest on the amount of the award from 28 days after the award was rendered to the date of payment; and the guarantor was awarded 85% of the final arbitration costs. As of the date of this financial report, the Company has not yet received these payments.

In May 2023, the Company formally initiated proceedings for the recognition and enforcement of the Arbitration I award in the High Court of Delhi, India and received a notice from the Singapore International Commercial Court ("SICC") that the buyer had filed an application to the SICC for withdrawal of SIAC's Arbitration I award. The application was accepted by the SICC.

On 31 January 2024, the Company received a notice from the SICC that the SICC had rendered a judgement dismissing the buyer's application for withdrawal of the Arbitration I award and also ordered the buyer to pay the relevant litigation costs for this case to the Company. On 3 March 2024, the Company was notified that the guarantor had lodged an appeal with the Singapore Court of Appeal seeking to set aside the SICC's judgment. The appeal has been formally accepted for hearing by the Singapore Court of Appeal. On 31 July 2024, the Singapore Court of Appeal ruled that the appeal filed by the Guarantor should be dismissed and that the Guarantor should be ordered to pay to the Company the relevant litigation costs in this case.

In March 2024, the Company obtained a final court order from the Delhi High Court of India regarding asset preservation measures. The order prohibits the Guarantor from using their assets for external financing and mandates that, in the event of asset disposal (e.g., through auction), the proceeds shall first satisfy bank liabilities, with any remaining funds prioritized to repay debts owed to the Company.

As of the issue date of this financial report, Arbitration I is pending enforcement and Arbitration II has not yet been concluded. Based on written legal opinions from external lawyers, 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 31 December 2024, the Group's contingent liabilities arising from other pending lawsuits and arbitration cases amounted to RMB 124,907 thousand. Since management believes that the opponent's claim is less likely to be supported, no provision is made for estimated liabilities for the sued case (31 December 2023: RMB1,631,147 thousand).

As at 31 December 2024, the upper limit of loan guarantees to be provided by the Group for related parties was RMB1,504,541 thousand while the balance of loan guarantees already provided by the Group was RMB1,278,471 thousand (31 December 2023: RMB378,814 thousand) (Note 10 (5)), and provided counter-guarantees to Electric Holdings in an amount not expected to exceed USD125 million (equivalent to RMB901 million) (Note 10 (5)). No bank acceptances were issued for related parties during the current year (31 December 2023: RMB 2,409 thousand). The Group recognised the above-mentioned related provisions of RMB207,236 thousand (Note 5 (44)).



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 12 EVENTS AFTER THE BALANCE SHEET DATE

As at the issuance date of this financial report, the Group has no material subsequent events.

## 13 AS THE LESSOR UNDER FINANCE LEASE

As at 31 December 2024, unrealised financing income amounted to RMB848,263 thousand (31 December 2023: RMB934,209 thousand), which was amortised by using the effective interest method over the leasing period. According to the lease contracts signed with the lessee, the minimum lease receipts under irrevocable leases are as follows:

According to the leasing contract with the tenants, total future minimum lease receipts (undiscounted) are as follows:

	31 December 2024	31 December 2023
Within 1 year (inclusive)	1,821,197	2,494,836
1 to 2 years (inclusive)	564,677	514,434
2 to 3 years (inclusive)	483,474	425,811
Over 3 years	966,243	960,956
	<u>3,835,591</u>	<u>4,396,037</u>
Less: unrealised financing income	<u>848,263</u>	<u>934,209</u>
Net investment in the lease	<u>2,987,328</u>	<u>3,461,828</u>

## 14 OTHER SIGNIFICANT MATTERS

### (1) Segment reporting

#### *(a) Operating segment*

The Group's businesses are organised and managed separately based on business nature and the products and services provided. Each operating segment of the Group is a business group, which, distinctive from other operating segments, has its own risks in products and services and gains its own rewards.

Information of each operating segment is summarised as follows:

- (i) Energy equipment business segment: design, manufacture and sales of nuclear power equipment, energy storage equipment, coal-fired power generation and auxiliary equipment, gas power generation equipment, wind power equipment, hydrogen equipment, photovoltaic equipment and high-end chemical equipment; provision of power grid and industrial intelligent power supply system solutions;
- (ii) Industrial equipment business: design, manufacture and sales of elevators, large and medium-sized electric motors, intelligent manufacturing equipment, industrial basic parts and construction industrialisation equipment;
- (iii) Integrated service business segment: provision of energy, environmental protection and automation engineering and services, including all kinds of traditional and new energy, comprehensive utilisation of solid waste, sewage treatment, flue gas treatment, and rail transit; provision of industrial Internet services; provision of financial services, including financial leasing, factoring, asset management and insurance brokerage; provision of park and property management services based on industrial real estate.

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

Financial assets held for trading, derivatives, dividends receivable, interest receivable, long-term equity investments, debt investments, other debt investments, investment in other equity instruments, other non-current financial assets, deferred tax assets and other undistributed assets of headquarters, which are under the unified management of the Group, are not included in segment assets.

Financial liabilities held for trading, derivatives, dividends payable, interest payable, borrowings, income tax expenses payable, deferred tax liabilities and other undistributed liabilities of headquarters, which are under the unified management of the Group, are not included in segment liabilities.

The transfer pricing between operating segments is determined based on the fair market prices adopted in transactions with third parties.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 14 OTHER SIGNIFICANT MATTERS (CONT'D)

### (1) Segment information (Cont'd)

(a) Operating segment (Cont'd)

For the year ended 31 December 2024	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Inter-segment elimination	Total
Revenue	61,758,147	38,648,849	20,734,713	96,880	119,611	(5,172,084)	116,186,116
Including: Revenue from external customers	61,449,391	37,246,687	17,462,487	22,674	4,877	-	116,186,116
Inter-segment revenue	308,756	1,402,162	3,272,226	74,206	114,734	(5,172,084)	-
Operating cost	49,599,554	32,200,096	17,899,155	66,587	952	(5,142,167)	94,624,177
Credit impairment losses	735,756	374,036	495,121	(100)	(366,623)	(172,950)	1,065,240
Asset impairment losses	1,353,451	377,371	389,585	6	104,598	(26,002)	2,199,009
Depreciation and amortisation	1,268,503	831,730	919,341	40,384	227,881	-	3,287,839
Financial expenses	-	-	-	-	554,347	-	554,347
Share of profit of associates and joint ventures	-	-	-	-	1,331,529	-	1,331,529
Operating profit/(loss)	2,010,652	934,501	(392,969)	(281,854)	1,162,921	268,533	3,701,784
Non-operating income and expenses							37,961
Total profit							3,739,745
Assets and liabilities							
Total assets	159,151,682	63,615,986	146,020,551	895,498	11,545,803	(78,724,532)	302,504,988
Total liabilities	117,035,141	44,912,442	113,907,585	243,779	9,712,011	(60,686,289)	225,124,669
Non-cash expenses other than depreciation and amortisation	1,875,981	165,154	184,208	-	-	-	2,225,343
Increase in non-current assets	3,481,209	740,286	3,150,210	46,294	36,146	-	7,454,145

## 14 OTHER SIGNIFICANT MATTERS(CONT'D)

### (1) Segment information (Cont'd)

(a) Operating segment (Cont'd)

For the year ended 31 December 2023 (Restated)	Energy equipment	Industrial equipment	Integration service	Others	Unallocated	Inter-segment elimination	Total
Revenue	58,648,367	40,402,269	21,386,913	101,275	190,132	(5,931,879)	114,797,077
Including: Revenue from external customers	55,764,915	38,900,077	20,018,138	27,652	86,295	-	114,797,077
Inter-segment revenue	2,883,452	1,502,192	1,368,775	73,623	103,837	(5,931,879)	-
Operating cost	48,265,844	33,846,003	18,466,605	67,787	707	(6,031,071)	94,615,875
Credit impairment losses	1,704,834	384,653	(93,078)	86	109,985	(924,421)	1,182,059
Asset impairment losses	1,693,767	68,370	409,176	-	118,000	(14,302)	2,275,011
Depreciation and amortisation	1,621,438	507,287	1,298,514	40,630	276,166	-	3,744,035
Financial expenses	-	-	-	-	1,080,826	-	1,080,826
Share of profit of associates and joint ventures	-	-	-	-	1,549,351	-	1,549,351
Operating profit/(loss)	(409,876)	1,683,754	1,437,421	(175,219)	(248,786)	1,586,027	3,873,321
Non-operating income and expenses							(60,321)
Total loss							3,813,000
Assets and liabilities							
Total assets	131,608,688	63,463,603	107,176,542	712,825	55,348,338	(72,144,996)	286,165,000
Total liabilities	80,170,470	40,089,957	79,047,636	211,144	70,256,245	(63,464,931)	206,310,521
Non-cash expenses other than depreciation and amortisation	2,287,382	235,636	220,122	-	-	-	2,743,140
Increase in non-current assets	2,956,939	989,912	1,435,060	64,115	7,044	-	5,453,070

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 14 OTHER SIGNIFICANT MATTERS (CONT'D)

### (1) Segment information (Cont'd)

#### (b) Other information

##### Product and labour information

Revenue from external customers

	For the year ended 31 December 2024	For the year ended 31 December 2023
The Chinese mainland	97,597,356	94,695,239
Other countries and geographical areas	18,588,760	20,101,838
Total	116,186,116	114,797,077

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

Total non-current assets

	31 December 2024	31 December 2023 (Restated)
The Chinese mainland	68,575,613	59,120,166
Other countries and geographical areas	3,466,582	6,089,973
Total	72,042,195	65,210,139

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

##### Information about major customers

In 2024 and 2023, there was no single customer of the Group whose revenue exceeded 10% of the Group's revenue.

## 14 OTHER SIGNIFICANT MATTERS (CONT'D)

### (2) Remuneration of directors and CEO

The remuneration of directors, supervisors and chief executive officer for the year disclosed in accordance with the rules governing the listing of securities on the stock exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance are as follows:

The remuneration of each director, supervisor and CEO in 2024 was as follows:

Name of Directors	Title	Fees	Salaries and benefits	Pension plan	Bonus	Total
Wu Lei	Director and chairman of the Board	-	724	-	-	724
Zhu Zhaokai	Director	-	1,439	-	-	1,439
Dong Jianhua	Director and vice president	-	1,374	-	-	1,374
Shao Jun	Director	-	-	-	-	-
Lu Wen	Director	-	-	-	-	-
Xu Jianxin	Independent director	250	-	-	-	250
Liu Yunhong	Independent director	250	-	-	-	250
Du Zhaohui	Independent director	104	-	-	-	104
Xu Jianguo	Supervisor	-	-	-	-	-
Guo Haohuan	Supervisor	-	-	-	-	-
Yuan Shengzhou	Supervisor (employee representative)	-	941	-	-	941
Jin Xiaolong	Vice president	-	1,381	-	-	1,381
Yang Hong	Vice president	-	1,380	-	-	1,380
Xiao Weihua	Vice president	-	378	-	-	378
Jia Tinggang	Vice president	-	378	-	-	378
Fu Min	Finance director and secretary to the Board	-	1,140	-	-	1,140
Zhang Yan	Chief auditor and chief compliance officer	-	800	-	-	800
Liu Ping	Director and president (resigned)	-	774	-	-	774
Yao Minfang	Director (resigned)	-	-	-	-	-
Li An	Director (resigned)	-	-	-	-	-
Xi Juntong	Independent director (resigned)	188	-	-	-	188
Cai Xiaoqing	Supervisor and chairman of the supervisory committee (resigned)	-	1,337	-	-	1,337
Han Quanzhi	Supervisor (resigned)	-	-	-	-	-
Chen Ganjin	Vice president (resigned)	-	617	-	-	617
Gu Zhiqiang	Chief economist (resigned)	-	1,217	-	-	1,217
Zhou Zhiyan	Chief financial officer and secretary to the Board (resigned)	-	798	-	-	798
Tong Liping	Chief legal officer (resigned)	-	1,330	-	-	1,330
Total		792	16,008	-	-	16,800

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 14 OTHER SIGNIFICANT MATTERS (CONT'D)

### (2) Remuneration of directors and CEO (Cont'd)

The remuneration of each director, supervisor and CEO in 2023 was as follows:

Name of Directors	Title	Fees	Salaries and benefits	Pension plan	Bonus	Total
Liu Ping	Director and president	-	798	-	-	798
Zhu Zhaokai	Director	-	991	-	-	991
Xi Juntong	Independent director	250	-	-	-	250
Xu Jianxin	Independent director	250	-	-	-	250
Liu Yunhong	Independent director	250	-	-	-	250
Cai Xiaoqing	Supervisor and chairman of the supervisory committee	-	1,101	-	-	1,101
Han Quanzhi	Supervisor	-	-	-	-	-
Yuan Shengzhou	Supervisor (employee representative)	-	926	-	-	926
Dong Jianhua	Vice president	-	949	-	-	949
Chen Ganjin	Vice president	-	849	-	-	849
Gu Zhiqiang	Vice president	-	947	-	-	947
Jin Xiaolong	Vice president	-	849	-	-	849
Yang Hong	Vice president	-	829	-	-	829
Zhou Zhiyan	Chief financial officer and secretary to the Board	-	1,215	-	-	1,215
Tong Liping	Chief legal officer	-	1,200	-	-	1,200
Fu Min	Chief auditor and chief compliance officer	-	1,068	-	-	1,068
Leng Weiqing	Director, chairlady of the Board and chief executive officer (resigned)	-	1,101	-	-	1,101
Yao Minfang	Director (resigned)	-	-	-	-	-
Li An	Director (resigned)	-	-	-	-	-
Zhang Mingjie	Chief operating officer (resigned)	-	284	-	-	284
Total		750	13,107	-	-	13,857

## 14 OTHER SIGNIFICANT MATTERS (CONT'D)

### (2) Remuneration of directors and CEO (Cont'd)

	Provide director services for the Company or its subsidiaries		Total	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Directors' remuneration	5,103	3,640	5,103	3,640

In 2024, no director waived any remuneration (2023: Nil).

#### Director's retirement benefits

In 2024, the Group provided no retirement benefits arising from provision of director services (2023: Nil), and no retirement benefits arising from provision of other services (2023: Nil).

Consideration paid to third parties in return for director services

In 2024, the Company made no payments to the company where a director of the Company had previously served (2023: Nil).

#### Loans, quasi-loans and other transactions provided to directors, legal persons controlled by directors, and associated persons of directors

In 2024, the Group did not provide loans and quasi-loans to directors, legal persons controlled by directors and associated persons of directors (2023: Nil), or did not provide guarantees for loans from directors, legal persons controlled by directors and associated persons of directors (2023: Nil).

#### Substantial interests of directors in transactions, arrangements or contracts

In 2024, the Company did not sign with other parties any important transactions, arrangements or contracts related to the Group's business within which the directors of the Company directly or indirectly have substantial interests.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 14 OTHER SIGNIFICANT MATTERS (CONT'D)

### (3) The five individuals whose remunerations are the highest

The five individuals whose remunerations were the highest in the Group for 2024 included 0 director(s) (2023: no director) whose remunerations were reflected in Note 10 (5). The remunerations payable to the remaining 5 (2023: 5) individuals during the year were as follows:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Salaries	9,105	10,704
Housing subsidies	-	-
Bonus	527	-
Other benefits	-	-
Pension plan	547	-
Entry bonus	-	-
Severance compensation	6,698	-
Total	16,877	10,704

	Number of employees	
	For the year ended 31 December 2024	For the year ended 31 December 2023
Range of remuneration:		
HKD1,500,001 - HKD2,000,000	1	-
HKD2,000,001 - HKD2,500,000	1	4
HKD2,500,001 - HKD3,000,000	1	-
HKD3,000,001 - HKD3,500,000	1	1
HKD8,500,001 - HKD9,000,000	1	-

### (4) Comparative Information

As disclosed in Note 6 (1), certain amounts in the financial statements as at 31 December 2023 and the corresponding notes have been restated due to business combinations under common control occurring during the current year.

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

### (1) Notes receivable

#### *(a) Notes receivable by category*

	31 December 2024	31 December 2023
Bank acceptance notes	311,889	414,157
Trade acceptance notes	44,643	1,000
	356,532	415,157
Less: Provision for bad debts	-	-
Total	356,532	415,157

As at 31 December 2024, the Company had no pledged notes receivable.

In 2024, the Company endorsed and discounted bank acceptance notes for which substantially all the risks and rewards of ownership had been transferred to other parties, and the carrying amounts of the bank acceptance notes derecognised accordingly amounted to RMB1,759,650 thousand (2023: RMB795,766 thousand).

The Company has assessed that the notes receivable do not involve significant credit risk; accordingly, no provision for bad debts has been recognised.

#### *(b) Notes receivable endorsed or discounted but remain unmatured as at the balance date*

As at 31 December 2024, the Group's notes receivable endorsed or discounted but unmatured are as follows:

	Derecognised	Not derecognised
Bank acceptance notes	453,762	1,000

For the year ended 31 December 2024, the bank acceptance notes held by the Company were primarily held for collecting contractual cash flows. Certain subsidiaries endorsed or discounted a small portion of the receivable bank acceptance notes, which met the derecognition criteria. These subsidiaries continued to classify the remaining bank acceptance notes on their books as financial assets measured at amortized cost.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (2) Accounts receivable

	31 December 2024	31 December 2023
Accounts receivable	8,464,732	13,800,157
Less: Provision for bad debts	3,226,121	3,004,291
Total	5,238,611	10,795,866

#### (a) Ageing analysis of accounts receivable

The overdue ageing of accounts receivable was analysed as follows:

	31 December 2024	31 December 2023
Not overdue	3,079,261	5,517,540
Overdue within 1 year	1,085,510	1,566,991
Overdue 1 to 2 years	398,515	2,463,305
Overdue 2 to 3 years	510,356	1,284,419
Overdue 3 to 4 years	514,910	888,551
Overdue 4 to 5 years	854,829	529,719
Overdue over 5 years	2,021,351	1,549,632
Total	8,464,732	13,800,157

The ageing of accounts receivable was analysed based on invoice date as follows:

	31 December 2024	31 December 2023
Within 1 year	3,322,311	4,512,904
1 to 2 years	480,763	2,097,918
2 to 3 years	649,619	2,015,358
3 to 4 years	455,063	2,274,820
4 to 5 years	911,471	810,147
Over 5 years	2,645,505	2,089,010
Total	8,464,732	13,800,157

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (2) Accounts receivable (Cont'd)

(b) Disclosure by methods of provision for bad debts

For the year ended 31 December 2024	Book balance		Provision for bad debts		Net book value
	Amount	Proportion(%)	Amount	ECL rates(%)	
Individual provision for bad debts	2,283,540	27	2,078,761	91	204,779
Sovereign credit portfolio	864,072	10	417,492	48	446,580
Ageing grouping of accounts receivable by sector	5,317,120	63	729,868	14	4,587,252
Total	8,464,732	100	3,226,121		5,238,611

For the year ended 31 December 2023	Book balance		Provision for bad debts		Net book value
	Amount	Proportion(%)	Amount	ECL rates(%)	
Individual provision for bad debts	2,345,840	17	1,635,898	70	709,942
Sovereign credit portfolio	1,077,291	8	392,988	36	684,303
Ageing grouping of accounts receivable by sector	10,377,026	75	975,405	9	9,401,621
Total	13,800,157	100	3,004,291		10,795,866

As at 31 December 2024, accounts receivable with provision for bad debts made on the individual basis were analysed as follows:

	31 December 2024			Reason
	Book balance	Provision for bad debts	Lifetime ECL rates	
Accounts receivable 1	909,930	706,833	78	Partially uncollectable by estimation
Accounts receivable 2	566,107	564,425	100	Partially uncollectable by estimation
Others	807,503	807,503	100	Uncollectable by estimation
Total	2,283,540	2,078,761		

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (2) Accounts receivable (Cont'd)

#### (b) Disclosure by methods of provision for bad debts (Cont'd)

As at 31 December 2024, the original value of accounts receivable with sovereign credit risk amounted to RMB 864,072 thousand, bad debts amounted to RMB 417,492 thousand and net book value amounted to RMB 446,580 thousand (December 31, 2023: the original value of accounts receivable amounted to RMB 1,077,291 thousand, bad debts amounted to RMB 392,988 thousand and net book value amounted to RMB 684,303 thousand).

As at 31 December 2024, accounts receivable grouped by age and sector were as follows:

	Book balance	Provision for bad debts	ECL rates
Not overdue	2,708,961	27,570	0.1%-3%
Overdue within 1 year	930,376	50,380	5%-21%
Overdue 1 to 2 years	386,116	35,909	5%-45%
Overdue 2 to 3 years	478,023	96,489	19%-59%
Overdue 3 to 4 years	364,899	116,723	31%-100%
Overdue 4 to 5 years	198,693	152,745	76%-100%
Overdue over 5 years	250,052	250,052	100%
Total	5,317,120	729,868	

#### (c) Provision for bad debts

Movements in provision for bad debts of accounts receivable are as follows:

	31 December 2024
Opening balance	3,004,291
Provision in the current year	308,260
Reversal in the current year	(62,227)
Write-off in the current year	(24,203)
Closing balance	3,226,121

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (3) Other receivables

	31 December 2024	31 December 2023
Receivables from the Group's subsidiaries	10,005,613	10,383,250
Receivables from third parties	1,849,816	1,890,595
Receivables from associates	222,344	1,015,622
Dividends receivable	501,944	504,468
	<u>12,579,717</u>	<u>13,793,935</u>
Less: Provision for bad debts for other receivables	<u>8,711,874</u>	<u>9,038,280</u>
Total	<u>3,867,843</u>	<u>4,755,655</u>

The Company does not have any fund deposited at other parties under the centralised fund management and represented in other receivables.

As at 31 December 2024, other receivables with provision for bad debts made on the individual basis were analysed as follows:

	31 December 2024			
	Book balance	Provision for bad debts	ECL rates (%)	Reason
Other receivables 1	7,949,099	7,949,099	100	(i)
Other receivables 2	793,781	489,763	62	(ii)
Other receivables 3	274,169	126,118	46	(ii)
Other receivables 4	222,344	26,732	12	(ii)
Others	<u>98,806</u>	<u>98,806</u>	<u>100</u>	<u>(i)</u>
Total	<u>9,338,199</u>	<u>8,690,518</u>		

(i)Uncollectable by estimation

(ii)Partially uncollectable by estimation

Other receivables with provision for bad debts made on the grouping basis were in the Stage 1. As at 31 December 2024, the book balance of the above-mentioned other receivables was RMB 3,241,518 thousand (31 December 2023: RMB 3,728,697 thousand), and the provision for bad debt was RMB21,356 thousand (31 December 2023: RMB 24,112 thousand).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (3) Other receivables(Cont'd)

Movements in provision for bad debts of other receivables on individual basis:

	Stage 3 Lifetime ECL
Opening balance	9,014,168
Provision in the current year	124,385
Reversal in the current year	(392,484)
Write-off in the current year	(55,551)
Closing balance	8,690,518

As at 31 December 2024, other receivables from top five debtors in respect of outstanding balance were analysed as follows:

	Closing balance	Proportion of the total balance of other receivables	Nature	Ageing	Closing balance of provision for bad debts
Other receivables 1	7,949,099	63%	Receivables from the Group's subsidiaries	Over 3 years	7,949,099
Other receivables 2	793,781	6%	Purchase deposits	2 to 3 years	489,763
Other receivables 3	645,020	5%	Receivables from the Group's subsidiaries	1 to 2 years	-
Other receivables 4	490,000	4%	Receivables from the Group's subsidiaries	Over 3 years	-
Other receivables 5	350,000	3%	Receivables from the Group's subsidiaries	Over 3 years	-
Total	10,227,900	81%			8,438,862

### (4) Long-term equity investments

	31 December 2024	31 December 2023
Subsidiaries (i)	62,836,750	55,254,042
Joint ventures (ii)	99,675	114,424
Associates (iii)	977,288	1,811,859
	63,913,713	57,180,325
Less: Provision for impairment of long-term equity investments	726,169	737,131
Total	63,187,544	56,443,194

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (4) Long-term equity investments(Cont'd)

#### (a) Status of long-term equity investments

	31 December 2023	Movements in the current year					31 December 2024	Year-end impairment allowance	Cash dividends declared in the current year
		New additions	Increase in investments	Decrease in investments	Provision for impairment	Others			
(i) Subsidiaries									
Shanghai Electric Wind Power Group Co., Ltd.	4,796,529	-	39,907	-	-	-	4,836,436	-	-
Shanghai Electric Industrial Co., Ltd.	4,654,510	-	-	-	-	-	4,654,510	-	57,000
Shanghai Electric Hong Kong Co., Ltd.	4,455,683	-	-	-	-	-	4,455,683	-	-
Shanghai Electric Nuclear Power Equipment Co., Ltd.	4,296,160	-	-	-	-	-	4,296,160	-	-
Shanghai Electric Group Shanghai Electric Machinery Co., Ltd.	3,502,642	-	-	-	-	-	3,502,642	-	-
Shanghai Electric Automation Group Co., Ltd.	3,495,339	-	1,262,113	-	-	-	4,757,452	-	-
Shanghai Electric Leasing Co., Ltd.	3,091,379	-	-	-	-	-	3,091,379	-	-
Shanghai Electric Investment Co., Ltd.	2,951,547	-	62,500	-	-	-	3,014,047	-	-
Shanghai Institute of Mechanical & Electrical Engineering Co., Ltd.	2,864,264	-	-	-	-	-	2,864,264	-	-
Shanghai Prime Mingyu Machinery Technology Co., Ltd.	2,690,416	-	-	-	-	-	2,690,416	-	-
Shanghai Electric Group Property Company Limited	2,222,211	-	-	-	-	-	2,222,211	-	250,327
Shanghai Mechanical & Electrical Industry Co., Ltd.	1,671,054	-	-	-	-	-	1,671,054	-	314,287
Shanghai Electric Group Finance Co., Ltd.	1,331,914	-	-	-	-	-	1,331,914	-	223,875
Shanghai Boiler Works Co., Ltd.	1,089,005	-	-	-	-	-	1,089,005	-	1,330,234
Shanghai Electric Science and Technology Venture Capital Co., Ltd.	1,055,640	-	34,720	-	-	-	1,090,360	-	-
Shanghai Electric Transmission and Distribution Group Co., Ltd.	1,017,870	-	-	-	-	-	1,017,870	-	-
Others	9,448,748	1,449,948	4,151,805	(43,479)	(22,599)	740,755	15,725,178	526,169	103,901
Total	54,634,911	1,449,948	5,551,045	(43,479)	(22,599)	740,755	62,310,581	526,169	2,279,624



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (4) Long-term equity investments (Cont'd)

(a) Status of long-term equity investments (Cont'd)

	31 December 2023	Movements in the current year					31 December 2024	Year-end impairment allowanc
		Increase / decrease in investments	Share of net profit/(loss) under equity method	Cash dividends declared	Provision for impairment	Others		
(ii) Joint ventures								
Jinzhai Zhichu New Energy Technology Co., Ltd	71,519	-	(11,540)	-	-	-	59,979	-
Shanghai Shendian Ludian Technology Development Co., Ltd	42,905	-	(3,209)	-	-	-	39,696	-
Subtotal	114,424	-	(14,749)	-	-	-	99,675	-
(iii) Associates								
Siemens High Voltage Switchgear Co., Ltd. Shanghai	203,221	-	52,339	(119,895)	-	(135,665)	-	-
Shanghai Siemens Switchgear Co., Ltd.	193,893	-	62,128	(107,968)	-	(148,053)	-	-
Zhejiang Zhuji Lianchuang Yongjun Equity Investment Partnership (Limited Partnership)	188,585	-	(26)	-	-	-	188,559	-
SEC Alstom (Shanghai Baoshan) Transformers Co., Ltd.	135,873	-	3,556	-	-	-	139,429	-
KSB Shanghai Pumps Co., Ltd.	128,705	-	17,778	(15,000)	-	-	131,483	-
Legend Electric (Shenyang) Co., Ltd.	125,571	-	88,321	(54,950)	-	(158,942)	-	-
Shanghai Schneider Power Distribution Electrical Apparatus Co., Ltd.	85,298	-	60,884	(54,680)	-	(91,502)	-	-
Others	632,713	-	70,773	(97,281)	(82,000)	(206,388)	317,817	200,000
Subtotal	1,693,859	-	355,753	(449,774)	(82,000)	(740,550)	777,288	200,000
		-						
Total	1,808,283	-	341,004	(449,774)	(82,000)	(740,550)	876,963	200,000

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (5) Capital surplus

	31 December 2023	Increase in the current year	Decrease in the current year	31 December 2024
Share premium	16,853,555	-	-	16,853,555
Effect of convertible bond on equity	3,381,592	-	-	3,381,592
Amount recorded in owners' equity arising from share-based payment arrangements	184,585	-	-	184,585
Others	173,104	-	-	173,104
Total	20,592,836	-	-	20,592,836

### (6) Other comprehensive income

For the year ended 31 December 2024	1 January 2024	Changes	31 December 2024
Other comprehensive income items which will be reclassified to profit or loss	(30,627)	-	(30,627)

For the year ended 31 December 2023	1 January 2023	Changes	31 December 2023
Other comprehensive income items which will be reclassified to profit or loss	(30,627)	-	(30,627)

### (7) Surplus reserve

	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	2,639,825	-	-	2,639,825

According to the provisions of the Company Law and the Company's Articles of Association, the Company appropriates 10% of the profit to the statutory surplus reserves. Where the accumulated amount of the surplus reserves reaches 50% or more of the Company's registered capital, further appropriation is not required.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

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

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (8) Accumulated losses

	For the year ended 31 December 2024	For the year ended 31 December 2023
Accumulated losses at the beginning of the year	(942,542)	(1,226,536)
Add: Net profit in the current year	903,068	283,994
Accumulated losses at the end of the year	(39,474)	(942,542)

### (9) Revenue and operating cost

#### (a) Status of revenue and operating cost

	For the year ended 31 December 2024		For the year ended 31 December 2023	
	Revenue	Cost	Revenue	Cost
Main operations	14,736,818	14,395,328	21,228,328	20,335,156
Other operations	335,203	105,757	309,554	126,905
Total	15,072,021	14,501,085	21,537,882	20,462,061

Revenue from main operations refers to sales income from energy equipment, integration services, etc. Operating cost refers to cost of products related to main operations.

#### (b) Revenue breakdown

For the year ended 31 December 2024	Sale of goods	Construction services	Rendering of services	Others	Total
Place of business					
China	11,488,712	1,956,395	125,239	229,343	13,799,689
Other Asian countries/ geographical areas	41,080	630,605	-	-	671,685
Other regions	157	600,490	-	-	600,647
Total	11,529,949	3,187,490	125,239	229,343	15,072,021
Timing of revenue recognition					
Recognised at a point in time	11,529,949	-	19,379	-	11,549,328
Recognised over time	-	3,187,490	-	-	3,187,490
Revenue from other operations	-	-	105,860	229,343	335,203
Total	11,529,949	3,187,490	125,239	229,343	15,072,021

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS (CONT'D)

### (9) Revenue and operating cost (Cont'd)

#### (b) Revenue breakdown (Cont'd)

For the year ended 31 December 2023	Sale of goods	Construction services	Rendering of services	Others	Total
Place of business					
China	16,305,586	1,456,609	103,779	219,544	18,085,518
Other Asian countries/ geographical areas	109,807	2,835,800	-	-	2,945,607
Other regions	353	506,404	-	-	506,757
Total	16,415,746	4,798,813	103,779	219,544	21,537,882
Timing of revenue recognition					
Recognised at a point in time	16,415,696	-	-	-	16,415,696
Recognised over time	-	4,798,813	13,819	-	4,812,632
Revenue from other operations	50	-	89,960	219,544	309,554
Total	16,415,746	4,798,813	103,779	219,544	21,537,882

### (10) Investment income

	For the year ended 31 December 2024	For the year ended 31 December 2023
Income from long-term equity investments accounted for using the cost method	2,279,624	906,439
Income from long-term equity investments accounted for using the equity method	341,004	553,583
Investment (losses)/income from disposal of subsidiaries	(2,741)	258,359
Investment income obtained during the holding of other non-current financial assets	9,341	58,998
Others	33,674	155,223
Total	2,660,902	1,932,602

# SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2024

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

### (1) Statement of non-recurring profit or loss

For the year ended 31 December 2024	Amount
Profit or loss from disposal of non-current assets, including reversal of previously recognised impairment losses	212,092
Government grants recognised in current profit or loss (excluding those closely related to normal operations that comply with national policies, have predetermined eligibility criteria, and generate sustained impacts)	620,017
Fair value changes and disposal profit or loss from financial assets and liabilities held by non-financial enterprises (except effective hedging transactions related to normal business operations)	(197,538)
Reversal of provision for impairment of receivables tested for impairment on the individual basis	878,146
Net profit or loss of subsidiaries under common control from beginning of period to acquisition date	299,884
Profit or loss from debt restructuring	(56,620)
Non-operating income and expenses other than aforesaid items	94,581
Other items of profit or loss conforming to the definition of non-recurring profit or loss	107,077
Effect of income tax	(328,127)
Effect of minority interests (net of tax)	(261,082)
Total	1,368,430

The Group recognises items of non-recurring gains and losses in accordance with the Explanatory Announcement for Information Disclosure by Companies Publicly Issuing Securities No. 1 - Non-recurring Gains and Losses (CSRC Announcement [2023] No.65).

## (2) Net assets income rate and earnings per share

For the year ended 31 December 2024	Weighted average net assets income rate	Earnings per share (RMB Yuan)	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	1.42%	0.048	0.048
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	-1.25%	(0.040)	(0.040)

For the year ended 31 December 2023(Restated)	Weighted average net assets income rate	Earnings per share (RMB Yuan)	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	1.42%	0.052	0.052
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	-2.33%	(0.079)	(0.079)