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SHANGHAI ELECTRIC GROUP COMPANY LIMITED

上海電氣集團股份有限公司

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

(Stock Code: 02727)

ANNOUNCEMENT ON CHANGES IN THE ACCOUNTING POLICIES

This announcement is made by Shanghai Electric Group Company Limited (the “**Company**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. Overview

On 30 August 2024, the 99th meeting of the 5th session of the board of directors of the Company considered and approved the Resolution in Relation to the Changes in the Accounting Policies and Related Impact, and it was agreed that 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 six months ended 30 June 2023 pursuant to the changes in accounting policies.

II. Particulars and Impacts on the Company

1. Changes in the Accounting Policies

The provisions arising from assurance-type warranty shall be debited to items such as "cost of sales from main operations" and "cost of sales from other operations" in the determined amount instead of the "selling and distribution expenses". Data for the same period of last year shall be retrospectively adjusted.

2. Impacts of Changes in the Accounting Policies

In accordance with the requirements of the "Compilation of Application Guide to the Accounting Standards for Business Enterprises 2024", 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 restated the comparative data for the six months ended 30 June 2023 pursuant to the changes in accounting policies. The detailed information is as below:

Unit: RMB'000

Item	January to June 2023 (before adjustment)	Adjustment Amount	January to June 2023 (after adjustment)
Cost of sales	43,571,789	319,197	43,890,986
Selling and distribution expenses	1,744,978	-319,197	1,425,781

III. Opinions of the Supervisory Committee

The 70th meeting of the 5th session of the supervisory committee of the Company was held on 30 August 2024, at which the Resolution in Relation to the Changes in the Accounting Policies and Related Impact was considered and approved. The Supervisory Committee of the Company expressed the following opinions: The Company's changes in accounting policies are reasonable changes made in accordance with the requirements of the relevant document from the Ministry of Finance, which is in line with the Accounting Standards for Business Enterprises and the relevant requirements. The implementation of the changes in the accounting policies reflects the Company's financial position and operating results in an objective and fair manner. The relevant decision-making procedure is in compliance with the relevant laws, regulations and relevant requirements under the articles of association of the Company. There is no situation that impairs the interests of the Company and its minority shareholders.

IV. Consideration of the Audit Committee

The 7th meeting of 2024 of the audit committee of the Company was held on 29 August 2024, at which the Resolution in Relation to the Changes in the Accounting Policies and Related Impact was considered and approved.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Shanghai Electric Group Company Limited
WU Lei
Chairman of the Board

Shanghai, the PRC, 30 August 2024

As at the date of this announcement, the executive directors of the Company are Dr. WU Lei and Mr. ZHU Zhaokai; the non-executive directors of the Company are Mr. SHAO Jun and Ms. LU Wen; and the independent non-executive directors of the Company are Dr. XI Juntong, Dr. XU Jianxin and Dr. LIU Yunhong.

** For identification purpose only*