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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)**

**CONNECTED TRANSACTION**  
**THE PROPOSED ESTABLISHMENT OF THE DUBAI COMPANY**

The Board is pleased to announce that on 24 July 2015, the Board resolved to approve the establishment of the Dubai Company by Shanghai Electric HK and SEC HK in Dubai, with a total registered capital of US\$5.0 million.

SEC HK is a wholly-owned subsidiary of our controlling shareholder, SEC, which held 55.05% equity interest in the total issued share capital of the Company as at 31 March 2015. SEC HK is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, this transaction constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio (excluding the profit ratio) (as defined in the Listing Rules) for this transaction, aggregated with the applicable ratios for the Previous Transaction according to Rule 14A.81 of the Listing Rules, is more than 0.1% but less than 5%, this transaction is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**INTRODUCTION**

The Board is pleased to announce that on 24 July 2015, the Board resolved to approve the establishment of Pakistan Thar Coal Block I Power (Dubai) Limited Company (the "**Dubai Company**") by Shanghai Electric HK, a wholly-owned subsidiary of the Company, and SEC HK in Dubai, with a total registered capital of US\$5.0 million.

## **KEY TERMS OF THE CAPITAL CONTRIBUTION AGREEMENT TO BE SIGNED**

- Parties and shareholding ratio : (a) Shanghai Electric HK (39.2%); and;  
(b) SEC HK (60.8%).
- Total registered capital : US\$5.0 million.
- Details of capital contribution : The total registered capital of the Dubai Company will be US\$5.0 million, among which, Shanghai Electric HK will contribute US\$1.96 million, representing 39.2% of the total registered capital, and SEC HK will contribute US\$3.04 million, representing 60.8% of the total registered capital. Shanghai Electric HK's capital contribution will be financed by its own funds.
- Save as disclosed above, Shanghai Electric HK has no any other capital commitment to the Dubai Company.
- Name of the company : Pakistan Thar Coal Block I Power (Dubai) Limited Company (巴基斯坦塔尔煤田一区块发电有限责任公司 (迪拜)) (subject to the final registration name).
- Business scope : Investment, construction, operation and maintenance of Pakistan Thar Coal Block I 2x660MW coal-fired thermal power plant and related facilities; production and sale of electricity and related by-products..
- Place of incorporation : Dubai.

## **BASIS OF CONSIDERATION**

The capital contributions to be made by the Shanghai Electric HK and SEC HK have been calculated in accordance with their respective shareholding ratios in the total registered capital of the Dubai Company and determined after arm's length negotiations.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Pursuant to the "One Belt, One Road" national development strategy, and in order to accelerate the Company's pace to "go out" as well as to further expand its overseas market for power generation equipment and engineering services, the Company and SSRL entered into the Cooperation Agreement, aiming at exploring the Company's overseas market for its power generation equipment and engineering services.

The purpose of the establishment of the Dubai Company in Dubai by the Company and SEC HK is to set up an investment vehicle for construction of a mine mouth power plant of two 660MW coal-fired power generation units in Thar Coalfield Block-1 pursuant to the Cooperation Agreement. Coming forward, the power plant project will have the Company's high parameter 660MW supercritical generation units installed. Being the Company's first general contracting project on coal-fired supercritical units in the international market, this would lay the foundation for the Company to explore its overseas market on supercritical coal-fired power generation equipment.

## **OPINIONS OF THE BOARD**

Mr. Huang Dinan, Mr. Wang Qiang and Mr. Zheng Jianhua, all being Directors, hold directorship(s) or act as senior management in SEC Group and its associates and thus have material interests in the proposed establishment of the Dubai Company. They have therefore abstained from voting on the relevant board resolution approving the proposed establishment of the Dubai Company.

The Directors (including the independent non-executive Directors) consider that the capital contribution agreement to be signed for the establishment of the Dubai Company is conducted in the ordinary and usual course of business of the Company after arm's length negotiations, on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

SEC HK is a wholly-owned subsidiary of our controlling shareholder, SEC, which held 55.05% equity interest in the total issued share capital of the Company as at 31 March 2015. SEC HK is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, this transaction constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio (excluding the profit ratio) (as defined in the Listing Rules) for this transaction, aggregated with the applicable ratios for the Previous Transaction according to Rule 14A.81 of the Listing Rules, is more than 0.1% but less than 5%, this transaction is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

The Group is one of the largest industrial equipment manufacturing conglomerates in China engaged in the following principal activities: (i) design, manufacture and sale of nuclear power nuclear island equipment products, wind power equipment products and heavy machinery including large forging components; (ii) design, manufacture and sale of thermal power equipment products and auxiliary equipment, nuclear power

conventional island equipment products and power transmission and distribution equipment products; (iii) design, manufacture and sale of elevators, electric motors, machine tools, printing and packaging equipment, marine crankshafts and other electromechanical equipment products; and (iv) provision of integrated engineering services for power station projects and other industries, financial services and functional services including international trading services.

Shanghai Electric HK is a wholly-owned subsidiary of the Company and is principally engaged in the sales of electromechanical products and related services, and import and export business.

SEC is our controlling shareholder holding approximately 55.05% equity interest in the total issued share capital of the Company as at 31 March 2015. The principal business of SEC is the management of state-owned assets and investment activities.

SEC HK is a wholly-owned subsidiary of SEC and is principally engaged in the trading and financial services.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	Shanghai Electric Group Company Limited (上海電氣集團股份有限公司), a joint stock limited company duly incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange under stock code 02727 and the A shares of which are listed on the Shanghai Stock Exchange under stock code 601727;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Cooperation Agreement”	the Cooperation Agreement on Thar Coalfield Block I Coal-Power Integrated Project in Pakistan entered into between the Company and SSRL (details of which are set out in the announcement of the Company published on 22 April 2015);
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan;
“Previous Transaction”	the connected transaction entered into by the Company with Shanghai Electric HK and SEC HK for the formation of a joint venture company in Anhui Province, China (details of which are set out in the announcement of the Company published on 17 March 2015);
“RMB”	Renminbi, the lawful currency of the PRC;
“SEC”	Shanghai Electric (Group) Corporation (上海電氣(集團) 總公司), the controlling shareholder (as defined in the Listing Rules) of the Company holding approximately 55.05% interests in the total issued share capital of the Company as at 31 March 2015;
“SEC Group”	SEC, its subsidiaries and its associates, but excluding the Group;
“SEC HK”	Shanghai Electric Group Hongkong Company Limited (上海電氣(集團) 香港有限公司), a limited liability company incorporated in Hong Kong, and a wholly-owned subsidiary of SEC as of the date of this announcement;
“Shanghai Electric HK”	Shanghai Electric Hongkong Co. Limited (上海電氣香港有限公司), a limited liability company incorporated in Hong Kong, and a wholly-owned subsidiary of the Company as of the date of this announcement;
“SSRL”	Sino Sindh Resources (Pvt.) Ltd. (華信資源責任有限公司), an energy company located in Pakistan and incorporated under the Pakistani laws, focusing on coal mining;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

By order of the Board  
**Shanghai Electric Group Company Limited**

**Huang Dinan**  
*Chairman of the Board*

Shanghai, the PRC, 24 July 2015

*As at the date of this announcement, the executive directors of the Company are Mr. HUANG Dinan, Mr. ZHENG Jianhua and Mr. HUANG Ou; the non-executive directors of the Company are Mr. Wang Qiang, Mr. ZHU Kelin and Ms. YAO Minfang; and the independent non-executive directors of the Company are Dr. LUI Sun Wing, Mr. KAN Shun Ming and Dr. Chu Junhao.*

*\* For identification purpose only*