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SHANGHAI ELECTRIC GROUP COMPANY LIMITED

上海電氣集團股份有限公司

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

(Stock Code: 02727)

2015 First Quarterly Report

Pursuant to the regulations and rules of the China Securities Regulatory Commission and the Shanghai Stock Exchange, Shanghai Electric Group Company Limited (the “**Company**”) is required to announce quarterly results.

This announcement is made pursuant to the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) and Rule 13.09(2) and Rule 13.10B of the Listing Rules.

The board of directors (the “**Directors**”) of the Company (the “**Board**”) is pleased to announce the results of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 31 March 2015 (the “**Period**”) prepared in accordance with China Accounting Standards (the “**PRC GAAP**”). Such results have not been audited by independent auditors but have been reviewed by audit committee of the Company.

1. IMPORTANT NOTICE

1.1 The Board and the supervisory committee of the Company together with the Directors, supervisors and the senior management of the Company confirm that there are no false statements or misleading representations contained in or material omissions from this report. All of them jointly and severally accept responsibility as to the truthfulness, accuracy and completeness of the content of this report.

1.2 All the Directors have attended the meeting of the Board.

1.3 Financial information set forth in this 2015 First quarterly report has been prepared in accordance with the PRC GAAP and has not been audited by independent auditors but has been reviewed by audit committee of the Company.

1.4 Mr. Huang Dinan, chairman of the Board, Mr. Hu Kang, chief financial officer of the Company and Mr. Hu Kang, head of finance department of the Company, warrant the truthfulness and completeness of the financial report within this quarterly report.

1.5 This announcement is made pursuant to the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) (as defined in the Listing Rules) and Rule 13.09(2) and Rule 13.10B of the Listing Rules.

2. GENERAL INFORMATION OF THE COMPANY

2.1 Major accounting data and financial indicators

Currency: RMB'000 ¹

	As at 31 March 2015	As at 31 December 2014	Change from 31 December 2014 to 31 March 2015(%)
Total assets	150,967,228	143,550,564	5.17
Net assets attributable to shareholders of the Company	36,425,820	34,236,392	6.40
	From 1 January 2015 to 31 March 2015	From 1 January 2014 to 31 March 2014	Year-on-year change (%)
Net cash flow from operating activities	(3,702,345)	(2,704,367)	Not applicable
	From 1 January 2015 to 31 March 2015	From 1 January 2014 to 31 March 2014	Year-on-year change (%)
Revenue	16,108,481	15,724,745	2.44
Net profit attributable to shareholders of the Company	651,206	669,784	-2.77
Net profit attributable to shareholders of the Company after excluding non-recurring profit or loss items	638,995	604,645	5.68
Return on net assets on a weighted average basis (%)	1.84	2.06	Decrease by 0.22 percentage points
Basic earnings per share (RMB/share)	0.0508	0.0522	-2.68

Diluted earnings per share (RMB/share)	0.0508	0.0522	-2.68
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Note 1: unless otherwise specified.

Excluding non-recurring profit and loss items and amounts:

Currency: RMB'000

Non-recurring profit and loss items	From 1 January 2015 to 31 March 2015
Profit and loss from disposal of non-current assets	5,573
Governmental subsidies counted into the current profit and loss, except for the one closely related with the normal operation of the company and gained constantly at a fixed amount or quantity according to certain standard based on state policies;	19,659
Profit and loss from debt reorganization	1,300
Reversal of the provision for the receivables subject to separate assessment for impairment	4,834
Other non-operating income and expenses besides the above items;	(3,570)
Effect on non-controlling interests (after tax)	(7,682)
Effect on income tax	(7,903)
Total	12,211

3. SIGNIFICANT EVENTS

3.1 Material changes of principal items in the financial statements and financial indicators of the Company and the underlying reasons

Applicable Not Applicable

Analysis on changes for items of consolidated balance sheet during the Reporting Period

Currency: RMB'000

Item	As at 31 March 2015	As at 31 December 2014	Change from 31 December 2014 to 31 March 2015(%)
Bonds payable	6,778,372	1,993,201	240%

Analysis on reasons for the changes:

The increase in the balance of bonds payable is mainly due to the issuance of convertible bonds with face value of RMB6 billion in February 2015.

Analysis on changes for items of consolidated cash flow statement during the Reporting Period

Currency: RMB'000

Item	Amount for the period (January-March)	Amount for the corresponding period last year (January-March)	Increase/ decrease year on year
Net cash flow from investing activities	(526,041)	2,807,185	(3,333,226)
Net cash flow from financing activities	5,009,982	(860,864)	5,870,846

Analysis on reasons for the changes:

The decrease of net cash flow from investing activities is mainly due to the increase in investment in financial assets purchased under agreements to resell by the Shanghai Electric Group Finance Company Ltd during the Reporting Period.

The increase of net cash flow from financing activities is mainly due to the issuance of convertible bonds with face value of RMB6 billion during the Reporting Period.

Shanghai Electric Group Company Limited
Huang Dinan
Legal representative
24 April 2015

4 Appendix

Unaudited Consolidated Balance Sheet

As at 31 March 2015

Prepared by: Shanghai Electric Group Company Limited

Currency: RMB'000

Items	As at 31 March 2015	As at 1 January 2015
Current assets:		
Cash and cash equivalents	31,584,769	29,986,445
Settlement reserve		
Due from banks and other financial institutions		
Financial assets at fair value through profit or loss	838,346	908,100
Derivative financial assets	4,420	4,632
Notes receivable	5,987,537	6,390,123
Accounts receivable	29,185,574	26,055,777
Advances to suppliers	9,544,599	8,194,169
Premium receivable		
Amounts due from reinsurers		
Reinsurance contract reserve receivable		
Interest receivable	186,575	119,994
Dividends receivable	21,928	25,784
Other receivables	1,129,603	1,427,566
Financial assets purchased under agreements to resell		
Inventories	27,540,696	26,185,003
Assets held-for-sale		
Current portion of non-current assets	1,551,954	1,625,206
Other current assets	11,188,254	10,309,281
Total current assets	118,764,255	111,232,080
Non-current assets:		
Loans receivables		
Financial assets available-for-sale	1,441,898	1,264,617
Held-to-maturity investments		
Long-term receivables	3,697,370	3,875,433
Long-term equity investments	6,700,650	6,832,690
Investment properties	138,381	137,643
Fixed assets	12,720,087	12,907,339
Construction in progress	1,139,525	1,159,131
Construction materials		
Fixed assets pending for disposal		
Bearer biological assets		
Oil and gas assets		

Intangible assets	2,560,059	2,523,230
Development disbursements	84,818	76,641
Goodwill	148,073	148,073
Long-term deferred expenses	382,785	395,092
Deferred tax assets	2,878,056	2,683,479
Other non-current assets	311,271	315,116
Total non-current assets	32,202,973	32,318,484
Total assets	150,967,228	143,550,564
Current liabilities:		
Short-term borrowings	4,402,896	4,892,929
Due to central banks		
Customer deposits and placements from other financial institutions		
Placement from banks and other financial institutions		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities	1,690	3,819
Notes payable	4,080,463	4,898,054
Accounts payable	27,796,845	26,937,592
Advances from customers	37,475,447	36,109,438
Financial assets sold under agreement to repurchase		
Fee and commissions income payable		
Employee benefits payable	1,604,972	2,246,206
Tax payable	1,603,541	2,061,649
Interests payable	51,613	128,124
Dividends payable	223,395	223,635
Other payables	3,210,810	2,975,248
Amounts due to reinsurer		
Reserve of insurance contract		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Current portion of long-term liabilities	976,232	842,928
Other current liabilities	11,585,483	11,978,550
Total current liabilities	93,013,387	93,298,172
Non-current liabilities:		
Long-term borrowings	826,398	853,644
Bonds payable	6,778,372	1,993,201
Inclusive: Preferred shares		
Perpetual bond		
Long-term payables	438,598	347,945
Long-term employee benefits payable	118,119	111,186
Payables for specific projects	627,689	596,040

Provisions		
Deferred revenue	418,945	424,834
Deferred tax liabilities	515,900	391,343
Other non-current liabilities	193,017	109,131
Total non-current liabilities	9,917,038	4,827,324
Total liabilities	102,930,425	98,125,496
Equity:		
Paid in capital (or share capital)	12,823,627	12,823,627
Other equity instruments		
Inclusive: Preferred shares		
Perpetual bond		
Capital surplus	5,405,184	4,234,660
Less: Treasury stock		
Other comprehensive income	879,292	636,936
Specialized reserve	75,316	70,092
Surplus reserves	4,277,914	4,157,796
General provisions		
Retained earnings	12,964,487	12,313,281
Equity attributable to owners of the Company	36,425,820	34,236,392
Non-controlling interests	11,610,983	11,188,676
Total equity	48,036,803	45,425,068
Total equity and liabilities	150,967,228	143,550,564

Company's legal
representative: Huang Dinan

Person-in-charge of
accounting: Hu Kang

Head of accounting
department: Hu Kang

Unaudited Balance Sheet of the Parent Company

As at 31 March 2015

Prepared by: Shanghai Electric Group Company Limited

Currency: RMB'000

Items	As at 31 March 2015	As at 1 January 2015
Current assets:		
Cash and cash equivalents	18,601,591	16,422,177
Financial assets at fair value through profit or loss	3,492	3,844
Derivative financial assets		
Notes receivable	523,975	802,200
Accounts receivable	18,523,685	16,015,841
Advances to suppliers	14,516,493	13,910,867
Interest receivable		
Dividends receivable	296,449	296,449

Other receivables	991,773	926,387
Inventories	255,210	256,666
Assets held-for-sale		
Current portion of non-current assets	200,000	200,000
Other current assets	870,928	950,927
Total current assets	54,783,596	49,785,358
Non-current assets:		
Financial assets available-for-sale	555,075	596,000
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	21,274,888	19,115,200
Investment properties	43,983	44,600
Fixed assets	741,274	749,315
Construction in progress	86,849	86,642
Construction materials		
Fixed assets pending for disposal		
Bearer biological assets		
Oil and gas assets		
Intangible assets	303,766	306,893
Development disbursements		
Goodwill		
Long-term deferred expenses	412	550
Deferred tax assets	381,264	410,898
Other non-current assets	720,000	640,000
Total non-current assets	24,107,511	21,950,098
Total assets	78,891,107	71,735,456
Current liabilities:		
Short-term borrowings		1,050,000
Financial liabilities at fair value through profit or loss		2,114
Derivative financial liabilities		
Notes payable	352,884	373,874
Accounts payable	24,357,976	22,989,984
Advances from customers	16,327,147	15,460,176
Employee benefits payable	175,091	227,183
Tax payable	312,312	412,853
Interests payable	8,033	80,333
Dividends payable	5,593	5,593
Other payables	618,972	697,690
Liabilities held-for-sale		
Current portion of long-term liabilities	24,694	23,134
Other current liabilities	876,129	884,698
Total current liabilities	43,058,831	42,207,632
Non-current liabilities:		

Long-term borrowings		
Bonds payable	6,778,372	1,993,201
Inclusive: Preferred shares		
Perpetual bond		
Long-term payables		
Long-term employee benefits payable		
Payables for specific projects	39,146	39,146
Provisions		
Deferred revenue		
Deferred tax liabilities		
Other non-current liabilities	3,900	3,400
Total non-current liabilities	6,821,418	2,035,747
Total liabilities	49,880,249	44,243,379
Equity:		
Paid in capital (or share capital)	12,823,627	12,823,627
Other equity instruments		
Inclusive: Preferred shares		
Perpetual bond		
Capital surplus	4,743,784	3,527,398
Less: Treasury stock		
Other comprehensive income	203,084	213,762
Specialized reserve		
Surplus reserves	1,813,571	1,813,571
Retained earnings	9,426,792	9,113,719
Total equity	29,010,858	27,492,077
Total equity and liabilities	78,891,107	71,735,456

Company's legal
representative: Huang Dinan

Person-in-charge of
accounting: Hu Kang

Head of accounting
department: Hu Kang

Unaudited Consolidated Income Statement

Prepared by: Shanghai Electric Group Company Limited

Currency: RMB'000

Items	Amount for the period from 1 January 2015 to 31 March 2015	Amount for the corresponding period last year from 1 January 2014 to 31 March 2014
1. Total revenue	16,108,481	15,724,745
Operating revenue	16,108,481	15,724,745
Interest income		
Premium earned		
Fees and commission income		
2. Total cost of sales	15,183,761	14,683,059
Inclusive: Operating cost	12,921,788	12,316,171
Interest expenses	53,139	8,573
Fees and commission expenses		
Cash surrender value		
Claim settlement expenses, net		
Net insurance contract reserves		
Policy dividend expense		
Reinsurance expenses		
Business tax and surcharge	92,513	105,638
Selling expenses	562,248	635,752
General and administrative expenses	1,537,511	1,485,609
Finance expenses	44,470	-18,945
Impairment loss	-27,908	150,261
Add: Profit or loss arising from changes in fair value	2,517	-14,443
Investment income	276,431	252,538
Inclusive: Income from investment in associates and joint ventures	102,188	132,128
Foreign exchange gain	1,195	
3. Operating profits	1,204,863	1,279,781
Add: non-operating income	70,656	121,555
Inclusive: Gain from disposal of non-current assets	8,839	1,421
Less: non-operating expenses	16,716	4,179
Inclusive: Loss from disposal of non-current assets	3,266	1,086
4. Profit and loss before tax	1,258,803	1,397,157
Less: income tax expenses	208,734	371,135

5. Net profits	1,050,069	1,026,022
Net profit attributable to owners (shareholders) of the Company	651,206	669,784
Profit or loss attributable to Non-controlling interests	398,863	356,238
6. Other comprehensive income , net of tax	242,356	-12,825
Other comprehensive income, net of tax, attributable to shareholders of the Company	186,793	-18,940
(1) Items that will not be reclassified subsequently to profit or loss	-2,177	
Remeasurements gains/(losses) of defined benefit obligation	-2,177	
Share of other comprehensive income of investments accounted for using the equity method, which will not be reclassified subsequently to profit or loss		
(2) Items that may be reclassified to profit or loss	188,970	-18,940
Share of other comprehensive income of investments accounted for using the equity method		
Change in fair value of financial assets available-for-sale	202,371	39,116
Gain/(loss) arising from the reclassification from held-to-maturity investments to financial assets available-for-sale		
Cash flow hedge	104	-61,277
Currency translation difference	-13,505	3,221
Others		
Other comprehensive income, net of tax, attributable to non-controlling interests	55,563	6,115
7. Total comprehensive income	1,292,425	1,013,197
Attributable to shareholders of the Company	837,999	650,844
Attributable to non-controlling interests	454,426	362,353
8. Earnings per share:		
(1) Basic earnings per share (RMB/share)	0.0508	0.0522
(2) Diluted earnings per share (RMB/share)	0.0508	0.0522

Business combination under common control has taken place during the reporting period. The companies being acquired and merged into the Group did not make any profit during the period.

Company's Legal Representative:
Huang Dinan

Person-in-charge of
accounting: Hu Kang

Head of Accounting
Department: Hu Kang

Unaudited Income Statement of the Parent Company

Prepared by: Shanghai Electric Group Company Limited

Currency:RMB'000

Items	Amount for the period from 1 January 2015 to 31 March 2015	Amount for the corresponding period last year from 1 January 2014 to 31 March 2014
1. Operating revenue	5,100,714	6,534,392
Deduct: Cost of sales	4,643,869	5,486,870
Business tax and surcharge	3,340	30,782
Selling expenses	38,695	141,482
General and administrative expenses	146,754	145,217
Finance expenses	-38,250	-81,751
Impairment loss	-70,365	182,264
Add: Profit or loss arising from changes in fair value		
Investment income	57,963	48,343
Inclusive: Income from investment in associates and joint ventures	48,362	40,055
2. Operating profits	434,634	677,871
Add: non-operating income	401	23,726
Inclusive: Gain from disposal of non-current assets	43	
Less: non-operating expenses	154	3
Inclusive: Loss from disposal of non-current assets	134	
3. Profit and loss before tax	434,881	701,594
Less: income tax expenses	121,809	210,600
4. Net profits	313,072	490,994
Net profit attributable to owners (shareholders) of the Company	-10,678	-51,510
Profit or loss attributable to Non-controlling interests		
5. Other comprehensive income , net of tax		
Other comprehensive income, net of tax, attributable to shareholders of the Company		
(1) Items that will not be reclassified subsequently to profit or loss		
Remeasurements gains/(losses) of defined benefit obligation		

Share of other comprehensive income of investments accounted for using the equity method, which will not be reclassified subsequently to profit or loss		
(2) Items that may be reclassified to profit or loss	-10,678	-51,510
Share of other comprehensive income of investments accounted for using the equity method		
Change in fair value of financial assets available-for-sale	-12,000	9,767
Gain/(loss) arising from the reclassification from held-to-maturity investments to financial assets available-for-sale		
Cash flow hedge	1,322	-61,277
Currency translation difference		
Others		
6. Total comprehensive income	302,394	439,484
7. Earnings per share:		
(1) Basic earnings per share (RMB/share)	0.0244	0.0383
(2) Diluted earnings per share (RMB/share)	0.0244	0.0383

Business combination under common control has taken place during the reporting period. The companies being acquired and merged into the Group did not make any profit during the period.

Company's Legal Representative:
Huang Dinan

Person-in-charge of
accounting: Hu Kang

Head of Accounting
Department: Hu Kang

Unaudited Consolidated Cash Flow Statement

From 1 January to 31 March 2015

Prepared by: Shanghai Electric Group Company Limited

Currency: RMB'000

Items	Amount for the current period from 1 January to 31 March 2015	Amount for the previous period from 1 January to 31 March 2014
1. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	16,365,191	17,753,054

Net increase in customer deposits and placements from other bank		
Net increase in due to central banks		
Net increase in borrowings from other financial institutions		
Cash from premiums on original insurance contracts		
Reinsurance business, net amount		
Net increase in insured's deposits and investments		
Net increase in disposal of financial assets at fair value through profit or loss		
Cash received from interests, fees and commissions		
Placement from banks and other financial institutions, net increase		
Net increase in repurchases		
Tax refunds	60,683	102,513
Cash receipts related to other operating activities	1,096,205	1,232,380
Total cash inflows from operating activities	17,522,079	19,087,947
Cash paid for goods and services	15,733,065	16,443,138
Net increase in loans receivables		
Net increase in deposits with central bank and other banks		
Cash paid for claim settlements on original insurance contracts		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	1,950,967	1,801,470
Payments of all types of taxes	1,108,000	1,354,976
Cash payments related to other operating activities	2,432,392	2,192,730
Total cash outflows from operating activities	21,224,424	21,792,314
Net cash flows from operating activities	-3,702,345	-2,704,367
2. Cash flows from investing activities:		
Cash received from sale of investments	283	1,041,413
Cash receipts from returns on investments	170,522	170,836
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,533	2,529
Net cash received from disposing subsidiaries and other business units	29,842	
Cash receipts related to other investing activities	4,449,526	1,981,608

Total cash inflows from investing activities	4,655,706	3,196,386
Cash paid to acquire fixed assets, intangible assets and other long-term assets	315,333	285,156
Cash paid for investments	4,141,060	51,392
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other business units		
Cash payments related to other investing activities	725,354	52,653
Total cash outflows from investing activities	5,181,747	389,201
Net cash flows from investing activities	-526,041	2,807,185
3. Cash flows from financing activities		
Cash proceeds from investments by others		
Inclusive: Cash received from capital contributions from non-controlling interests of subsidiaries		
Cash received from borrowings	415,343	296,128
Cash received from issuance of bonds	5,969,672	
Cash receipts related to other financing activities		
Total cash inflows from financing activities	6,385,015	296,128
Cash repayments for debts	606,315	463,879
Cash payments for distribution of dividends, profit or interest expenses	134,671	149,616
Inclusive: Profit and dividends paid to non-controlling interests by the subsidiaries	2,520	122,610
Cash payments related to other financing activities	634,047	543,497
Total cash outflows from financing activities	1,375,033	1,156,992
Net cash flows from financing activities	5,009,982	-860,864
4. Effects of foreign exchange rates changes on cash and cash equivalents	1,428	22,416
5. Net increase in cash and cash equivalents	783,024	-735,630
Add: Cash and cash equivalents at beginning of the period	19,016,377	16,175,872
6. Cash and cash equivalents at end of the period	19,799,401	15,440,242

Company's legal representative: Huang Dinan

Person-in-charge of accounting: Hu Kang

Head of accounting department : Hu Kang

Unaudited Cash Flow Statement of the Parent Company

From 1 January to 31 March 2015

Prepared by: Shanghai Electric Group Company Limited

Currency: RMB'000

Items	Amount for the current period from 1 January to 31 March 2015	Amount for the previous period from 1 January to 31 March 2014
1. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	3,156,928	4,160,773
Tax refunds		50,497
Cash receipts related to other operating activities	343,797	389,993
Total cash inflows from operating activities	3,500,725	4,601,263
Cash paid for goods and services	3,390,405	4,154,203
Cash paid to and on behalf of employees	99,779	115,519
Payments of all types of taxes	111,720	269,753
Cash payments related to other operating activities	455,380	343,611
Total cash outflows from operating activities	4,057,284	4,883,086
Net cash flows from operating activities	-556,559	-281,823
2. Cash flows from investing activities:		
Cash received from sale of investments		745,000
Cash receipts from returns on investments	29,333	8,288
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	9	114
Net cash received from disposing subsidiaries and other business units	683	
Cash receipts related to other investing activities		
Total cash inflows from investing activities	30,025	753,402
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,879	2,724
Cash paid for investments	2,106,400	896,541
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other business units		
Cash payments related to other investing activities		
Total cash outflows from investing activities	2,108,279	899,265

Net cash flows from investing activities	-2,078,254	-145,863
3. Cash flows from financing activities		
Cash proceeds from investments by others		
Cash received from issuance of bonds	5,969,672	
Cash receipts related to other financing activities		
Total cash inflows from financing activities	5,969,672	
Cash repayments for debts	1,050,000	
Cash payments for distribution of dividends, profit or interest expenses	108,068	96,405
Cash payments related to other financing activities		
Total cash outflows from financing activities	1,158,068	96,405
Net cash flows from financing activities	4,811,604	-96,405
4. Effects of foreign exchange rates changes on cash and cash equivalents	2,624	22,699
5. Net increase in cash and cash equivalents	2,179,415	-501,392
Add: Cash and cash equivalents at beginning of the period	6,611,037	10,027,663
6. Cash and cash equivalents at end of the period	8,790,452	9,526,271

Company's legal representative: Huang Dinan

Person-in-charge of accounting: Hu Kang

Head of accounting department : Hu Kang

By Order of the Board
Shanghai Electric Group Company Limited
Huang Dinan
Chairman

Shanghai, the PRC, 24 April 2015

As at the date of this announcement, the executive Directors of the Company are Mr. HUANG Dinan, and Mr. ZHENG Jianhua; 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*