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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 COMPLETION OF TRANSFER OF THE ASSETS  
UNDER THE RESTRUCTURING**

References are made to the announcements of Shanghai Electric Group Company Limited (the “**Company**”) dated 6 December 2015 and 14 March 2016 and the circular of the Company dated 31 December 2015 in relation to the Restructuring and the Proposed Issuance and Placing of A Shares (the “**Transactions**”), the announcement of the Company dated 27 April 2016 in relation to the approval for the transactions from the China Securities Regulatory Commission (the “**CSRC**”), and the announcements of the Company dated 21 June 2016, 21 July 2016 and 19 August 2016 in relation to the implementation progress of the Transactions. Unless otherwise indicated, the capitalized terms used in this announcement shall have the same meaning as those defined in the abovementioned announcements and circular.

**I. Implementation Progress of the Transactions**

(i) Transfer of the Incoming Assets

As at the date of this announcement, 100% equity interests in Shanghai Electric Industrial Company Limited, 61% equity interests in Shanghai DENSO Fuel Injection Co., Ltd., 100% equity interests in Shanghai Blower Works Co., Ltd. and 14.79% equity interests in Shanghai Rail Traffic Equipment Development Co., Ltd., the equity interest assets among the Incoming Assets, have been transferred to the Company and duly registered with relevant industrial and commercial authorities. Accordingly, Shanghai Electric Industrial Company Limited and Shanghai Blower Works Co., Ltd. become the wholly-owned subsidiaries of the Company, Shanghai DENSO Fuel Injection Co., Ltd. becomes a

subsidiary of the Company with 61% equity interests held by the Company and Shanghai Rail Traffic Equipment Development Co., Ltd. remains to be an associate of the Company with equity interests held by the Company increased to 49%. Meanwhile, the Target Properties among the Incoming Assets, including land use rights for the 14 parcels of land located at Shanghai, the PRC, relevant auxiliary buildings and other assets erected thereon, previously held by Shanghai Electric (Group) Corporation (the “SEC”), have been transferred to the Company, and the relevant ownership change registrations have been completed.

(ii) Transfer of the Outgoing Assets

As at the date of this announcement, 100% equity interests in Shanghai Heavy Machinery Plant Co., Ltd., the Outgoing Assets, have been transferred to SEC and duly registered with the industrial and commercial authorities. Accordingly, Shanghai Heavy Machinery Plant Co., Ltd. ceased to be a subsidiary of the Company.

## **II. Subsequent Events**

As at the date of this announcement, subsequent events in relation to the Restructuring mainly include:

(i) The issuance of 606,843,370 Consideration Shares (A Shares) by the Company to SEC is subject to share registration and deposit, as well as listing procedures. The Company shall submit application for share registration and deposit to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and submit listing application to the Shanghai Stock Exchange in respect of the Consideration Shares involved in the Transactions. In addition, the Company shall complete relevant procedures such as registration of the change in registered capital with the relevant industrial and commercial authorities. As at the date of this announcement, the Company is in the process of completing the above registration work.

(ii) The CSRC has approved the non-public issuance of up to 336,215,171 new A shares by the Company for raising supporting funds in addition to the issuance of shares for assets acquisition. The Company may raise supporting funds during the validity period prescribed by the CSRC's approval. However, the result of the supporting funds raising, whether successful or not, shall not affect the implementation of the assets swap and issuance of shares for assets acquisition.

(iii) Relevant parties in the Transactions have signed several agreements and provided various undertakings. Agreements or undertakings not yet expired will still be effective and should be observed. In the event that the conditions precedent of certain agreements or certain undertakings have yet to be fulfilled, the validity of such agreements or undertakings shall be subject to the satisfaction of such conditions.

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

Shanghai, the PRC, 26 August 2016

*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. LI Jianjin, 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*