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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)

VOLUNTARY ANNOUNCEMENT

ANNOUNCEMENT ON PROGRESS OF MATERIAL ARBITRATION

I. General Information on the Material Arbitration

References are made to the voluntary announcements disclosed on 17 December 2019, 24 February 2021, 28 June 2021 and 3 August 2021 of the Company in relation to the litigation and arbitration of the Company involving the project of Sasan 6*600MW Ultra Large Supercritical Coal-fired Power Station in India (the "**Project**").

In June 2008, the Company and Reliance Infra Projects (UK) Limited ("**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, Reliance Infrastructure Limited ("**Reliance**") issued the letter of guarantee for the payment obligations of Reliance UK under the Contract, and the 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 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**"). As of the date of this announcement, the First Arbitration has concluded the trial. In addition, the Company has applied for the property preservation on Reliance in the High Court of Delhi, India for the First Arbitration in December 2020 and the court has issued a temporary injunction.

On 23 February 2021, the Company received a notice of acceptance issued by the Singapore International Arbitration Centre for an arbitration brought by Reliance, Reliance UK and Sasan Power (collectively, the "**Applicants of the Second Arbitration**") against the Company, requiring the Company to compensate their losses of approximately USD416 million (the "**Second Arbitration**"). On 25 June 2021, the Company received notice issued by the Singapore International Arbitration Centre, informing the Company that since the Applicants of the Second Arbitration had submitted a withdrawal letter to the Singapore International

Arbitration Centre, the Singapore International Arbitration Centre confirmed the termination of the Second Arbitration. There is no need for the Company and the Applicants of the Second Arbitration to take further actions in respect of the Second Arbitration.

In August 2021, the Company received a complaint filed and sent by Sasan Power in the High Court of Mumbai, India. According to the content of the complaint, Sasan Power sued Reliance, Reliance UK and the Company, requesting that the three respondents bear joint liability and compensate it for losses of approximately 24,511,908,372 rupees (approximately RMB2.133 billion) (the "**First Litigation**"). As of the date of this announcement, the Company has not yet received official case-filing notification for the First Litigation from the High Court of Mumbai.

II. Facts of the Case, Requests and Reasons under the Arbitration

Recently, the Company received a notice of acceptance for an arbitration brought by Reliance UK against the Company issued by the Singapore International Arbitration Center, pursuant to which Reliance UK requests the Company to compensate for its losses of approximately USD388.75 million related to the contract (the "**Arbitration**"), including the compensation of USD323.8 million for Sasan Power's loss of power plant operation due to unplanned unit outage and loss in electricity revenue due to the delay of the power plant's commercial operation caused by the tripping of Unit 3, maintenance costs of USD30.88 million, liquidated damages of USD34.07 million for equipment shipment delays, and other payments such as interests; Reliance UK also believes that the letter of performance guarantee has been unreasonably released and requests the Company to issue a letter of performance guarantee in the amount of approximately USD120.175 million to guarantee its claims.

The disputes involved in the First Arbitration, the Second Arbitration, the First Litigation and the Arbitration are referring to the same project of Sasan 6*600MW Ultra Large Supercritical Coal-fired Power Station in India.

III. Impact of the Progress on the Profit of the Company for the Current or Subsequent Periods

As of 30 June 2021, the Company has treated the receivables of the Project as accounts receivable and contract assets, respectively, of which the balance of the accounts receivable was USD126,583,067.11 and the Company has made total provisions for bad debts in the amount equivalent to RMB438,701,645.00 according to the aging of the relevant accounts receivable. The balance of contract assets was USD21,850,000.00, which was the corresponding retention monies related to the Project for which the final completion certificate has yet to be issued by the owner and the Company has made total provisions for bad debts in the amount equivalent to RMB1,411,531.85 according to the aging of the relevant contract assets. As the First Arbitration, the First Litigation and the Arbitration have not been finalized, the impact of these cases on the profit of the Company for the current or subsequent period is subject to uncertainties. The Company will carry out corresponding accounting treatment according to the requirements of relevant accounting standards and actual conditions based on the trial progress and results of the cases. Meanwhile, the Company will perform its obligation of information disclosure and make timely announcement on the progress of the cases.

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
LENG Weiqing
Chairlady of the Board

Shanghai, the PRC, 30 December 2021

As at the date of this notice, the executive directors of the Company are Ms. LENG Weiqing, Mr. LIU Ping and Mr. ZHU Zhaokai; the non-executive directors of the Company are Mr. GAN Pin, Ms. YAO Minfang and Ms. LI An; and the independent non-executive directors of the Company are Dr. XI Juntong, Dr. XU Jianxin and Dr. LIU Yunhong.

** For identification purpose only*