

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 INVESTORS BRIEFING SESSION REGARDING TERMINATION OF THE ISSUANCE OF SHARES AND PURCHASING ASSETS

Reference is made to the announcement of Shanghai Electric Group Company Limited (the “**Company**”) dated 3 August 2018 on investors briefing session regarding the termination of the issuance of shares and purchasing assets.

I. Information about the Investors Briefing Session

In order to safeguard the interests of investors and in accordance with the relevant requirements of the Shanghai Stock Exchange, the Company convened an investors briefing session regarding the termination of the issuance of shares and purchasing assets by way of interaction with investors via the internet through programs of the Shanghai Stock Exchange "SSE ROADSHOW" (上證路演中心) platform at <http://roadshow.sseinfo.com> from 10:00 a.m. to 11:00 a.m. on 6 August 2018. The Company communicated and exchanged ideas with the investors on information in relation to the termination of assets acquisition by way of issuance of shares, and answered the questions of common concern to investors within the permitted scope of disclosure. Chairman, chief financial officer, secretary to the board of directors and the person in charge of the project from the

independent financial advisor attended the briefing session.

II. Major Questions from Investors and Replies from the Company

The Company answered questions of common concern to investors raised during the briefing session. Relevant questions and replies are set out below:

Question 1: Why did the Company terminate the reorganization?

Reply: Dear valued investors, since the kick-off of this issuance of shares and purchasing assets plan, the Company and relevant parties proactively advanced relevant work on this reorganization, arranged intermediary firms to perform preliminary due diligence on the target company, actively negotiated with the counterparty and conducted rounds of negotiations regarding the transaction. An important new policy concerning photovoltaic industry was issued on 31 May 2018, the subsequent impact of which is still uncertain, therefore it is difficult for both parties to reach a consensus on the relevant cooperation terms and a plan for the transaction within a short period of time. Therefore, both parties to the transaction believed that the timing and conditions for continuing to advance this assets acquisition by way of issuance of shares plan were not favorable, and thus agreed to terminate the Framework Agreement on Acquisition of Equity Interest of Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. In order to safeguard the interests of the Company and investors, the Company made a careful study and decided to terminate the plan for the issuance of shares and purchasing assets.

Question 2: Have the parties entered into any compensation agreement for termination to complete the issuance of shares and purchasing assets?

Reply: Dear valued investors, the transaction was terminated by both parties through mutual agreement, therefore neither of the parties shall be liable for compensation under the Framework Agreement.

Question 3: Does the termination of the transaction have any specific impact on the Company?

Reply: The Company is overall well-operated at present, and the termination of this reorganization will have no adverse impact on its existing production and operation activities and financial conditions. In the future, the Company will not change its established development strategy and will continue to improve its industrial layout, profitability and operating results to repay investors.

Question 4: What does the Company think about the future of the photovoltaic industry?

Reply: Dear valued investors, pursuant to the "Energy Production and Consumption Revolution Strategy (2016-2030)" (《能源生產和消費革命戰略(2016-2030)》) released by the National Development and Reform Commission (the "NDRC") and the National Energy Administration (the "NEA"), non-fossil fuel power generation will account for 50% of the total power generation by 2030, and greater efforts will be made to develop wind and solar energy. According to the industry forecasts, by 2022, the total installed capacity of solar energy in the world will reach 1.01 billion kilowatts. Photovoltaic energy is recognized worldwide as a new energy source that can replace traditional coal-fired power, and there is huge room for market development. Our Company is optimistic about the photovoltaic industry in the long run, and has been paying attention to any opportunity to tap into the photovoltaic industry.

Question 5: When will the trading of A shares resume?

Reply: Dear valued investors, the Company plans to apply for resumption of trading of A shares of the Company at the same time as it makes an announcement in relation to the investors briefing session. Please refer to the Company's announcement for further details on the time for resumption of trading of its A shares. Thanks for your attention.

Thanks to all investors for attending the investors briefing session of the Company. The Board of the Company hereby expresses its sincere gratitude towards investors for their continuous attention and support for and proactive suggestions on the development of the Company.

By order of the Board
Shanghai Electric Group Company Limited
ZHENG Jianhua
Chairman of the Board

Shanghai, the PRC, 6 August 2018

As of the date of this announcement, the executive director of the Company is Mr. ZHENG Jianhua; 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*