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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 IN RELATION TO THE COMMENCEMENT OF EXCHANGE PERIOD OF THE NON-PUBLIC ISSUANCE OF EXCHANGEABLE CORPORATE BONDS OF THE CONTROLLING SHAREHOLDER

This announcement is made by the board of directors of Shanghai Electric Group Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and with reference to Rule 13.10B of the Listing Rules.

References are made to the announcements of the Company dated 2 July 2018 in relation to the proposed non-public issuance of exchangeable corporate bonds (the “**Exchangeable Bonds**”) by Shanghai Electric (Group) Corporation (“**SEC**”), the controlling shareholder of the Company; the announcement of the Company dated 9 January 2020 in relation to the No Objection Letter of the Exchangeable Bonds obtained by SEC and SEC's completion of application to pledge 1,120,000,000 A shares of the Company (representing 7.39% of the Company's total issued share capital); the announcement of the Company dated 17 January 2020 in relation to the completion of registration procedures for the share pledge on 15 January 2020 and the completion of transfer of the 1,120,000,000 A shares (the “**Pledged Shares**”) to "Shanghai Electric (Group) Corporation-Shanghai Electric (Group) Corporation 2020 Non-Public Offering of Exchangeable Corporate Bonds (Phase 1) Designated Shares Pledge Account" (the “**Share Pledge**”); and the announcement of the Company dated 20 January 2020 in relation to the supplemental information of the Share Pledge; and the announcement of the Company dated 4 February 2020 in relation to the successful issuance of the Exchangeable Bonds (Phase 1). Terms defined in the abovementioned announcements shall have the same meaning when used herein unless the context herein requires otherwise.

The target shares of the Exchangeable Bonds (Phase 1) are A shares of the Company and the offering size is RMB4 billion with a term of 3 years and a coupon rate of 0.10%. According to

the relevant regulations and the Prospectus of Shanghai Electric (Group) Corporation 2020 Non-Public Offering of Exchangeable Corporate Bonds (Phase 1) (to Qualified Investors), the exchange period of “20 Electric EB” commences from 3 August 2020 to 3 February 2023 (in the event of a statutory holiday or a weekend, it will be extended to the next workday thereafter).

As of the date of this announcement, SEC holds 8,662,879,405 A shares of the Company, accounting for 57.17% of the total share capital of the Company, and holds 313,642,000 H shares of the Company directly or through its wholly-owned subsidiary Shanghai Electric Group Hong Kong Company Limited, accounting for 2.07% of the total share capital of the Company. SEC holds 59.24% of the total share capital of the Company in aggregate and is the controlling shareholder of the Company. 1,120,000,000 A shares of the Company, representing 7.39% of the total share capital, has been pledged by SEC for the Exchangeable Bonds (Phase 1). Whether the holders of the Exchangeable Bonds (Phase 1) choose to conduct shares exchange and the actual number of exchanges are uncertain. Assuming that all Exchangeable Bonds (Phase 1) held by bondholders are exchanged into the Company's shares (the number of shares to be exchanged accounts for 5.22% of the Company's total share capital), the Company's controlling shareholder and actual controller will be kept unchanged.

The Company will pay close attention to the exchange status of the “20 Electric EB”, and will fulfill the obligation of information disclosure in accordance with relevant laws and regulations.

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

Shanghai, the PRC, 29 July 2020

As at the date of this announcement, the executive directors of the Company are Mr. ZHENG Jianhua, Mr. HUANG Ou, Mr. ZHU Zhaokai and Mr. ZHU Bin; the non-executive directors of the Company are Ms. YAO Minfang and Ms. LI An; and the independent non-executive directors of the Company are Dr. CHU Junhao, Dr. XI Juntong and Dr. XU Jianxin.

** For identification purpose only*