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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 THE PROGRESS OF THE EXCHANGEABLE BONDS OF THE CONTROLLING SHAREHOLDER AND THE CHANGE IN EQUITY INTERESTS UP TO 1% OF THE SHARES OF THE COMPANY RESULTING FROM THE SHARE EXCHANGE

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 Company received the “Notification Letter on Changes in Equity of Shanghai Electric (Group) Corporation in Exchangeable Corporate Bonds Issued” on 19 August 2020 from SEC, the controlling shareholder of the Company. The relevant change in equity interests is announced as follows:

I. Basic Situation of the Change in Equity Interests

Party responsible for information disclosure	Name	Shanghai Electric (Group) Corporation			
	Address	No.110 Sichuan Middle Road, Shanghai			
	Time of change in equity interests	18 August 2020			
Details of the change in equity interests	Way of change	Time of change	Class of shares	Number of Shares decreased	Percentage of decrease (%)
	exchange of the shares by holders of the Exchangeable Bonds, etc.	3 August 2020 to 18 August 2020	RMB ordinary shares	155,928,833	1.03

Notes:

1. All the Shares involved in this change in equity interests shall carry voting rights and there is no restriction of rights due to entrustment or restriction of voting rights, or rights transfer being restricted;
2. This change in equity caused no violation of the relevant provisions of laws and regulations such as the “PRC Securities Law”, “Measures Governing Acquisitions by Listed Companies” as well as provisions under the business rules of the Shanghai Stock Exchange and the relevant commitments of the information disclosure party.
3. The calculation of the reduction ratio: the number of shares decreased divided by the total share capital of the Company after the market closed on 31 July 2020, which was 15,152,478,391 shares.

II. Shareholdings in the Company by the Controlling Shareholder and Parties Acting in Concert therewith Before and After the Change in Equity Interests

Name of shareholder	Nature of shares	Shareholdings before the change		Shareholdings after the change	
		Number of shares	As a percentage of the total share capital (%)	Number of shares	As a percentage of the total share capital (%)

SEC and parties acting in concert	Total shareholding	8,976,521,405	59.24	8,820,592,572	58.21
	Including: shares not subject to selling restrictions	7,890,559,017	52.07	7,734,630,184	51.05

Notes:

1. Before the change in equity interests, SEC held 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. After the change in equity interests, SEC and parties acting in concert hold 58.21% of the Company. This change in equity interests refers to the exchange of 155,928,833 shares by holders of exchangeable bonds after the Exchangeable Bonds (Phase 1) enter the exchange period, resulting in a passive reduction in the shareholdings of the information disclosure party and parties acting in concert.

2. All the shares held by the SEC and parties acting in concert after this change in equity interests shall carry voting rights and there is not any restriction of the rights due to entrustment or restriction of voting rights, or rights transfer being restricted.

III. Other Conditions

1. This change in equity interests mainly refers to the exchange of shares by holders of the Exchangeable Bonds (Phase 1) which caused passive reduction in equity interests of the equity holders involved in this change. This change does not involve any takeover offer under the applicable PRC laws and regulations.

2. The change in equity interests complies with the “PRC Securities Law”, “Measures Governing Acquisitions by Listed Companies (revised in 2020)”, Rules Governing the Listing of Shares on the Shanghai Stock Exchange and other relevant regulations.

3. The change in equity interests does not result in change of the controlling shareholder or actual controller of the Company.

4. During the exchange period, there are uncertainties in whether the holders of Exchangeable Bonds (Phase 1) will select to exchange shares or not, in the number of shares as a result of the exchange, and in the timing of the exchange. Investors are advised to pay attention to the investment risks.

The Company will continue to pay attention to the exchange of the Exchangeable Bonds (Phase 1), and perform their obligation in a timely manner to disclose information according to relevant laws and regulations.

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

Shanghai, the PRC, 19 August 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*