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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)

REPURCHASE AND CANCELLATION OF RESTRICTED A SHARES

References are made to (i) the announcement of Shanghai Electric Group Company Limited (the "**Company**") dated 22 January 2019 in relation to the proposed adoption of the Restricted A Share Incentive Scheme (the "**Incentive Scheme**"); (ii) the announcement of the Company dated 22 March 2019 in relation to the confirmation of the list of the participants under the Incentive Scheme (the "**Participant(s)**") who are connected persons; (iii) the circular of the Company dated 11 April 2019, in relation to, among others, the proposed adoption of the Incentive Scheme; (iv) the announcement of the Company dated 29 April 2019 in relation to the approval by Shanghai Municipal State-owned assets Supervision and Administration Commission on the Incentive Scheme; (v) the announcement of the Company dated 6 May 2019 in relation to the poll results of the extraordinary general meeting passing the resolutions of the Incentive Scheme; (vi) the announcement of the Company dated 6 May 2019 in relation to the grant of restricted A shares to Participants under the restricted A share Incentive Scheme; (vii) the announcement of the Company dated 24 June 2019 in relation to the grant results under the Incentive Scheme; (viii) the announcement of the Company dated 29 April 2020 and the circular of the Company dated 29 June 2020 in relation to the proposed repurchase and cancellation of certain restricted A shares; and the announcement of the Company dated 29 June 2020, in relation to the approval of the proposed repurchase and cancellation of certain restricted A shares by the general meeting. Unless otherwise specified, capitalized terms used in this announcement shall have the meanings as those defined in the above announcements and the circular.

THE REPURCHASE AND CANCELLATION OF RESTRICTED SHARES

Reasons and Basis For The Repurchase and Cancellation of Restricted Shares

The Company proposed to repurchase and cancel the Restricted Shares which have been granted but not yet unlocked due to changes in the personal circumstances of 95 Participants under the Incentive Scheme of the Company, who were no longer within the scope of the Incentive Scheme in accordance with Chapter 13 of the Restricted A Share Incentive Scheme (Draft).

The Relevant Personnel and Number of Shares Under The Repurchase and Cancellation

The repurchase and cancellation of Restricted Shares involves 95 core management, business and technical backbones, and the total number of Restricted Shares proposed to be repurchased and cancelled is 7,416,000. After completion of the repurchase and cancellation, the number of remaining Restricted Shares under the Incentive Scheme of all Participants will be 126,162,000.

Arrangements For The Repurchase and Cancellation

The Company has opened a securities account (Account No.: B883397358) dedicated for the repurchase with Shanghai Branch of China Securities Depository and Clearing Corporation Limited (“**CSDC Shanghai Branch**”), and submitted application for the repurchase and cancellation to CSDC Shanghai Branch. It is expected that the cancellation of Restricted Shares will be completed on 18 September 2020, and the Company will go through the relevant registration procedures for industrial and commercial changes in accordance with the law.

STATEMENTS AND UNDERTAKINGS

The Board is of the view that the decision-making process and information disclosure relating to the repurchase and cancellation of Restricted Shares were in compliance with laws and regulations, provisions of the Administrative Measures on Share Incentives of Listed Companies, the Incentive Scheme of the Company and arrangements under the Restricted Shares Grant Agreement, without prejudice to the legitimate rights and interests of Participants and benefits of creditors. The repurchase and cancellation of Restricted Shares will neither influence the stability of the Company’s management team, nor exert significant impacts on the Company’s operating results or financial position.

The Company hereby undertakes that the Company has verified and guaranteed the truthfulness, accuracy and completeness of information in respect of Participants, number of shares and cancellation date in relation to the repurchase and cancellation of Restricted Shares, and has duly informed relevant Participants of the repurchase and cancellation, who have not raised any objection against the said matters. In case that the dispute arises between the Company and the relevant Participants as a result of the repurchase and cancellation, the Company shall bear relevant legal liability arising thereon.

Since the Company’s repurchase and cancellation of Restricted Shares involves reduction of registered capital, pursuant to requirements of Company Law of the People’s Republic of China and other relevant laws and regulations, the Company has fulfilled the procedure of informing creditors of the above repurchase and cancellation, and made it public for 45 days hitherto, during which the Company received no claims for settlement of any debt or provision of corresponding guarantees from relevant creditors.

CONCLUSION OF THE LEGAL OPINION

Shanghai Llinks Law Offices issued the following conclusions: the repurchase and cancellation have followed the procedures prescribed in the relevant laws, regulations and regulatory documents in accordance with their progress and are in compliance with the relevant requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures of Equity Incentives for Listed Companies, the Trial Measures for the Implementation of Equity Incentives by State-controlled Listed Companies (Domestic), the Notice on Regulating the Implementation of Equity Incentive Systems by State-controlled Listed Companies and the Shanghai Electric's A-Share Restricted Stock Incentives Plan (draft). The repurchase and cancellation are still subject to the information disclosure in accordance with the Administrative Measures of Equity Incentives for Listed Companies and the relevant regulatory documents of the Shanghai Stock Exchange, as well as the industrial and commercial change registration procedures relevant to this share repurchase and cancellation registration procedures in accordance with the Company Law of the People's Republic of China and relevant requirements.

OTHER SHARE REPURCHASE

From 10 September 2020 to 14 September 2020, the Company exercised its power under the general mandate to accumulatively repurchase 26,324,000 H Shares on the Stock Exchange of Hong Kong Limited (“**H Share Repurchase**”). The aggregate purchase price paid for the H Share Repurchase was HK\$60,339,740.00. The H Shares under the share repurchase represent approximately 0.89% of the number of issued H Shares of the Company and approximately 0.17% of the total number of issued shares of the Company immediately prior to the H Share Repurchase. As of the date of this announcement, the Company has not completed the procedures of cancellation of relevant H Shares and the total share capital of the Company's H Shares has not decreased.

By order of the Board

Shanghai Electric Group Company Limited

ZHENG Jianhua

Chairman of the Board

Shanghai, the PRC, 15 September 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*