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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

This announcement is made by the Company on a voluntary basis.

The Board of the Company wishes to announce that the Company signed an agreement of intent to cooperate in principle with SNC-Lavalin and China National Nuclear Corporation regarding setting up of a new joint venture (the "**Joint Venture**"). The signing of the official cooperation agreement requires further commercial negotiation and is subject to approval of relevant regulatory authorities.

Pursuant to previous negotiation, the Joint Venture is expected to develop, market and build the Advanced Fuel CANDU Reactor (the "**AFCR™**") and form two new design centres (one in Canada and another in China) to complete the AFCR™ technology in the future.

The Agreement may or may not be signed and if it may be signed, will be subject to shareholders' approval, relevant regulatory authorities' approval and various conditions precedent. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
Shanghai Electric Group Company Limited
Huang Dinan
Chairman of the Board

Shanghai, the PRC, 23 September 2016

As at the date of this announcement, the executive directors of the Company are Mr. HUANG Dinan, Mr. ZHENG Jianhua and Mr. HUANG Ou; 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*