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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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Shanghai Electric Group Company Limited (the "**Company**") will be held at 9:00 a.m. on Monday, 10 April 2017 at Xingyuan Hall, 3/F, B Block, Ramada Plaza Shanghai Caohejing, No. 509 Caobao Road, Shanghai, the PRC for the purpose of considering and, if thought fit, approving the following resolutions:

SPECIAL RESOLUTIONS:

1. To consider and, if thought fit, to approve the resolutions on the proposal of assets acquisition by issuance of shares and supporting funds raising (connected transaction) (the "**Transaction**") by the company:

Assets acquisition by issuance of shares

- 1.1 Parties to the transaction;
- 1.2 Transaction subjects;
- 1.3 Basis of pricing and transaction price;
- 1.4 Arrangement for profit or loss for the period;
- 1.5 Procedures for transfer of ownership and liability for breach of contract;
- 1.6 Class and nominal value of shares to be issued;
- 1.7 Target subscribers for shares to be issued;

- 1.8 Method of issuance and subscription for shares;
- 1.9 Pricing benchmark date, basis of pricing and issue price for the issuance of shares;
- 1.10 Number of shares to be issued;
- 1.11 Lock-up period arrangement;
- 1.12 Listing place of the shares to be issued;
- 1.13 Treatment for the Company's undistributed retained earnings prior to the shares issuance;
- 1.14 The validity of the resolutions;

Issuance of shares for supporting funds raising

- 1.15 The class and nominal value of shares to be issued;
 - 1.16 Target subscribers and methods of subscription;
 - 1.17 Issue price;
 - 1.18 Number of shares to be issued;
 - 1.19 Use of proceeds;
 - 1.20 Lock-up period arrangement;
 - 1.21 Listing place of the shares to be issued under the supporting funds raising;
and
 - 1.22 The validity of the resolutions.
- 2. To consider and, if thought fit, to approve the "The Report for Assets Acquisition by Issuance of Shares and Supporting Funds Raising (Connected Transaction) by Shanghai Electric Group Company Limited (Draft)" and its summary.
 - 3. To consider and, if thought fit, to approve the resolution in relation to the execution of the Assets Acquisition by Issuance of Shares Agreement between Shanghai Electric (Group) Corporation and Shanghai Electric Group Company Limited with conditions precedent.

4. To consider and, if thought fit, to approve the resolution in relation to the execution of the Profit Compensation Agreement with conditions precedent.
5. To consider and, if thought fit, to approve the resolution in relation to the execution of the Share Subscription Agreements between the target subscribers and the Company with conditions precedent.
6. To consider and, if thought fit, to approve the resolution in relation to the possible dilution of the Company's current earnings per share as a result of the Transaction and its remedial measures.
7. To consider and, if thought fit, to approve the resolution in relation to the grant of the authorization to the board and its authorized representative(s) at the general meeting to deal with relevant matters of the Transaction.
8. To consider and, if thought fit, to approve the resolution in relation to the report on the use of proceeds from the previous fund raising activities by the Company.

ORDINARY RESOLUTIONS:

1. To consider and, if thought fit, to approve the resolution in relation to the connected transactions involving assets acquisition by issuance of shares and supporting funds raising by the Company.
2. To consider and, if thought fit, to approve the resolution in relation to the independence of the appraisal firms, the reasonableness of the appraisal assumptions, the relevance between the appraisal methodology and purpose and the fairness of the valuation in connection with the Transaction.
3. To consider and, if thought fit, to approve the resolution in relation to the approval of relevant reports issued by audit firms and asset appraisal firms in respect of the Transaction.
4. To consider and, if thought fit, to approve the resolution on the compliance with the relevant laws and regulations of the assets acquisition by issuance of shares and supporting funds raising (connected transaction) by the Company.
5. To consider and, if thought fit, to approve the resolution in relation to the compliance by the Company with Clause 4 under the Requirements on Certain Issues Concerning Regulating the Material Asset Reorganizations of Listed Companies in respect of the Transaction.

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

Shanghai, the PRC, 17 February 2017

As at the date of this notice, the executive directors of the Company are Mr. HUANG Dinan and 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*

Notes:

1. The voting at the EGM shall be conducted by way of poll.
2. The holders of A Shares and H Shares will vote as one class of shareholders. The Company's register of members for the H Shares will be closed from Saturday, 11 March 2017 to Monday, 10 April 2017, both days inclusive, during which period no transfer of H Shares will be effected. The holders of H Shares whose names appear on the Company's register of members on Friday, 10 March 2017 are entitled to attend and vote at the EGM. In order to qualify for attending and voting at the EGM, the holders of H Shares whose transfers have not been registered must deposit transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Friday, 10 March 2017. The address of Computershare Hong Kong Investor Services Limited is Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
3. Each Shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a Shareholder. Each Shareholder who wishes to appoint one or more proxies should first review the Circular in respect of the EGM.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of the Shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
5. In order to be valid, the form of proxy together with the power of attorney or other authorisation document (if any) signed by the authorised person or notarially certified power of attorney must be deposited at Computershare Hong Kong Investor Services Limited for holders of H Shares at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if he/she so wishes.
6. Shareholders who intend to attend the EGM in person or by proxy should return the reply slip to Computershare Hong Kong Investor Services Limited for holders of H Shares on or before Tuesday, 21 March 2017. The address of Computershare

Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

7. The EGM is expected to last for no more than half a day. Shareholders (or their proxies) attending the meeting are responsible for their own transportation and accommodation expenses. Shareholders (or their proxies) attending the meeting shall produce their identity documents.
8. The board of directors of the Company considered and approved the resolutions on the proposal of assets acquisition by issuance of shares and supporting funds raising on 14 November 2016. On 22 November 2016, the Company received an inquiry letter from the Shanghai Stock Exchange on the Transaction and organized relevant intermediaries to respond to such inquiry letter. As at the date of this notice, the response to such inquiry letter is subject to further supplements, the trading of A shares of the Company on the Shanghai Stock Exchange has not been resumed. The Company will continue to actively proceed with the relevant works regarding the Transaction. If the trading of A shares of the Company has not been resumed before the convening of the EGM, there is possibility of postponement of the EGM. Investors are reminded of such risks.
9. Please refer to the circular of the Company in relation to the EGM to be published on or before 23 March 2017 for details of the resolutions to be proposed at the EGM for consideration and approval.