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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)

SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

References are made to (i) the notice of the extraordinary general meeting (the “EGM”) of Shanghai Electric Group Company Limited (the “**Company**”) dated 17 February 2017 (the “**Original Notice of EGM**”), which sets out the time and venue of the EGM and contains the resolutions to be tabled before the EGM for shareholders’ approval, and (ii) the announcement of the Company dated 17 March 2017 (the “**Announcement**”), in relation to, among other things, the Proposed Acquisition and the Proposed Issuance and Placing of A Shares. Unless otherwise indicated, the capitalised terms used in this supplemental notice shall have the same meaning as those defined in the Announcement.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the EGM will be held as originally scheduled 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.

On 17 February 2017, CSRC issued the Decision on Amending Implementing Rules on Non-public Issuance of Shares by Listed Companies (《關於修改〈上市公司非公開發行股票實施細則〉的決定》) and relevant regulatory questions and answers. According to the aforementioned documents and regulatory requirements, the pricing principles of the Proposed Issuance and Placing of A Shares should be consistent with the amended Implementing Rules on Non-public Issuance of Shares by Listed Companies, meaning the pricing benchmark date, which was originally “the publication date of the Board resolution announcement in relation to the Proposed Issuance and Placing of A Shares”, shall be revised to “the first day of the offering period of the A Shares under the Proposed Issuance and Placing of A Shares.” Meanwhile, according to the relevant PRC regulatory requirements, the financial information of the entities within the Incoming Assets and the Company as at 30 September 2016 will lapse for the purpose of making application to CSRC. Therefore, such relevant financial information has been updated to 31 December 2016 accordingly. On 17 March 2017, the Board considered and approved the revised proposals in relation to the Proposed Issuance and Placing of A Shares and the updated relevant financial information in respect of the Transactions. Accordingly, the Board resolved to withdraw the relevant resolutions to be proposed at the EGM, including the 1st, 2nd, 5th and 6th special resolutions, as well as the 3rd and 4th ordinary resolutions set out in the original notice of EGM dated 17 February 2017. SEC (being the controlling shareholder holding approximately 58.12% of the

* For identification purpose only

shares of the Company), as entrusted by the Company and in compliance with the PRC laws and the Articles of Association, submitted the following resolutions to the EGM for consideration:

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) (Revised Version)” and its summary.
 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 and its supplemental agreements.
 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.

ORDINARY RESOLUTIONS:

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.

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

Shanghai, the PRC, 23 March 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.

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.
3. The Company delivered on the same day to the Shareholders the revised form of proxy (the "**Revised Proxy Form**") in respect of all resolutions to be considered on the EGM. 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 needs 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 the original form of proxy and the Revised Proxy Form will not preclude a Shareholder from attending and voting in person at the EGM if he/she so wishes.
6. A Shareholder who has not yet lodged the original form of proxy dated 17 February 2017 with the Company's Hong Kong share registrar is requested to lodge the Revised Proxy Form if he or she wishes to appoint proxy(ies) to attend the EGM on his or her behalf. In this case, the original form of proxy should not be lodged with the Company's Hong Kong share registrar.
7. A Shareholder who has already lodged the original form of proxy with the Company's Hong Kong share registrar shall note that:
 - (i) if no Revised Proxy Form is lodged with the Company's Hong Kong share registrar, the original form of proxy will be treated as a valid form of proxy lodged by the relevant Shareholder if correctly completed. The proxy so appointed by the relevant Shareholder will be entitled to vote at his or her discretion or to abstain from voting on any resolution(s) properly put to the EGM other than those as set out in the supplemental notice of EGM;
 - (ii) if the Revised Proxy Form is lodged with the Company's Hong Kong share registrar 24 hours before the time appointed for holding of the EGM (the "**Closing Time**"), the Revised Proxy Form will revoke and supersede the original form of proxy previously lodged by the relevant Shareholder. The Revised Proxy Form will be treated as a valid form of proxy lodged by the relevant Shareholder if correctly completed; and
 - (iii) if the Revised Proxy Form is lodged with the Company's Hong Kong share registrar after the Closing Time, or if lodged before the Closing Time but is incorrectly completed, the proxy appointment under the revised form of proxy will be invalid.
8. 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.
9. 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.

10. 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.
11. 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.