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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)

CLARIFICATION ANNOUNCEMENT

1. Brief Introduction of the Rumour

Recently, Shanghai Electric Group Company Limited (the "**Company**") noticed that certain news agents reported that Tesla, Inc. ("**Tesla**") signed a joint venture agreement with the Company.

2. Clarification

As of the date of this announcement, the Company did not get in touch with Tesla and did not sign any joint venture agreement with Tesla.

As soon as the Company became aware of the abovementioned news, the Company conducted an internal check in respect of such information mentioned in the news. As confirmed by results of such internal check, the Company was not aware of any material information which should have been disclosed but not yet being disclosed.

Shareholders and potential investors of the Company are advised to exercise caution in dealing in the securities of the Company and shall refer to announcements published by the Company.

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

Shanghai, the PRC, 23 June 2017

As at the date of this announcement, 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*