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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)

ANNOUNCEMENT ON COMPLETION OF ASSETS ACQUISITION AND ISSUANCE OF CONSIDERATION SHARES AND CHANGE IN SHARE CAPITAL

References are made to the announcements of Shanghai Electric Group Company Limited (the “**Company**”) dated 14 November 2016 and 17 March 2017 and the circular of the Company dated 23 March 2017 in relation to the proposed assets acquisition by issuance of shares and proposed issuance and placing of A shares (the “**Transactions**”), the announcement of the Company dated 31 July 2017 in relation to the approval of the Transactions from the China Securities Regulatory Commission (the “**CSRC**”), and the announcements of the Company dated 29 August 2017, 30 August 2017, 28 September 2017 and 9 October 2017 in relation to the implementation progress of the Transactions. Unless otherwise indicated, capitalized terms used in this announcement shall have the same meaning as those defined in the abovementioned announcements and circular.

The board of directors of the Company is pleased to announce that the Company has completed the issuance of a total of 877,918,006 A Shares (the “**Consideration Shares**”) to SEC pursuant to the Acquisition Agreement and the Supplement Agreement for settlement of the consideration for the Incoming Assets (the “**Issuance**”). The share registration and deposit procedures in relation to the issue of the Consideration Shares with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited had been completed on 19 October 2017.

I. NUMBER OF CONSIDERATION SHARES AND ISSUE PRICE

Type and par value of Consideration Shares:	Renminbi-denominated ordinary A Shares with par value of RMB1.00 each
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Number of Consideration Shares issued: 877,918,006 A Shares

Issue price: RMB 7.55 per A Share

II. BACKGROUND INFORMATION ON THE SUBSCRIBER OF THE CONSIDERATION SHARES AND LOCK-UP ARRANGEMENT

The subscriber of Consideration Shares under the Issuance is SEC. SEC is the Controlling Shareholder (as defined under the Listing Rules) of the Company holding approximately 60.69% equity interests in the total issued share capital of the Company as at the date of this announcement. The principal business of SEC is the management of state-owned assets and investment activities.

The Consideration Shares subscribed by SEC shall not be listed, traded or transferred within 36 months commencing from the date of completion of the Issuance and are subject to the relevant requirements of the CSRC and the Shanghai Stock Exchange thereafter. If the closing prices of A Shares are below the issue price of the Consideration Shares for 20 consecutive trading days within the six-month period commencing from the date of completion of the Issuance, or the closing price of A Shares as at the end of the above-mentioned six-month period after the date of completion of the Issuance is below the issue price of the Consideration Shares, the lock-up period will be automatically extended for at least six months.

If the Transactions are subject to investigation by judiciary authorities or the CSRC for provision or disclosure of information with suspected falsified records, misleading representation or material omission, such share interests in the Company owned by SEC shall not be transferred before conclusion of the investigation.

The abovementioned lock-up period arrangement also applies to those additional A Shares allotted to SEC as holders of the Consideration Shares due to reasons including bonus issues and transfers of capital surplus to share capital of the Company.

III. SHARE REGISTRATION AND EXPECTED DATE OF LISTING

The share registration and deposit procedures in relation to the Consideration Shares issued under the Issuance with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited were completed on 19 October 2017. The Consideration Shares can be listed and traded on the Shanghai Stock Exchange on the trading day following the expiry of the lock-up period (if it shall fall on a statutory holiday or a non-business day, the expected listing date shall be postponed to the first trading day after that). The lock-up period shall commence from the date of the completion of the Issuance.

IV. CHANGE IN SHAREHOLDING STRUCTURE BEFORE AND AFTER THE ISSUANCE

(I) Change in shareholdings of the top ten shareholders of the Company before and after the Issuance

As at 19 October 2017, shareholdings of the top ten shareholders of the Company are set out as follows:

No.	Name of shareholders	Total number of shares held	Shareholding percentage (%)	Nature of share capital
1	Shanghai Electric (Group) Corporation	7,576,917,017 ^(Note)	56.41	Renminbi-denominated ordinary shares
2	Hong Kong Securities Clearing Company Nominees Limited	2,970,953,500	22.12	Foreign shares listed overseas
3	China Securities Finance Corporation Limited	524,970,614	3.91	Renminbi-denominated ordinary shares
4	Shenergy Group Company Limited	390,892,194	2.91	Renminbi-denominated ordinary shares
5	Central Huijin Assets Management Co., Ltd.	71,793,200	0.53	Renminbi-denominated ordinary shares
6	Industrial and Commercial Bank of China Company Limited – CSI Shanghai State-owned Exchange Traded Index-based Investment Fund	64,895,480	0.48	Renminbi-denominated ordinary shares
7	Shanghai Municipal Investment (Group) Limited	40,937,826	0.30	Renminbi-denominated ordinary shares

8	Shantou Mingguang Investment Co., Ltd.	26,300,000	0.20	Renminbi-denominated ordinary shares
9	Kuitun Xuyachang Commerce Limited	21,996,200	0.16	Renminbi-denominated ordinary shares
10	Shanghai Guosheng (Group) Limited Company	15,500,064	0.12	Renminbi-denominated ordinary shares

Note: this figure represents only the number of A shares held by Shanghai Electric (Group) Corporation (“SEC”). SEC held also altogether 229,334,000 H shares of the Company in the name of Hong Kong Securities Clearing Company Nominees Limited through Shanghai-Hong Kong Stock Connect or a controlled corporation at the same time.

Immediately following the Issuance, shareholdings of the top ten shareholders of the Company are set out as follows:

No.	Name of shareholder	Total number of shares held	Shareholding percentage (%)	Nature of share capital
1	Shanghai Electric (Group) Corporation	8,454,835,023 ^(Note)	59.09	Renminbi-denominated ordinary shares
2	Hong Kong Securities Clearing Company Nominees Limited	2,970,953,500	20.76	Foreign shares listed overseas
3	China Securities Finance Corporation Limited	524,970,614	3.67	Renminbi-denominated ordinary shares
4	Shenergy Group Company Limited	390,892,194	2.73	Renminbi-denominated ordinary shares
5	Central Huijin Assets Management Co., Ltd.	71,793,200	0.50	Renminbi-denominated ordinary shares

6	Industrial and Commercial Bank of China Company Limited – CSI Shanghai State-owned Exchange Traded Index-based Investment Fund	64,895,480	0.45	Renminbi-denominated ordinary shares
7	Shanghai Municipal Investment (Group) Limited	40,937,826	0.29	Renminbi-denominated ordinary shares
8	Shantou Mingguang Investment Co., Ltd.	26,300,000	0.18	Renminbi-denominated ordinary shares
9	Kuitun Xuyachang Commerce Limited	21,996,200	0.15	Renminbi-denominated ordinary shares
10	Shanghai Guosheng (Group) Limited Company	15,500,064	0.11	Renminbi-denominated ordinary shares

Note: this figure represents only the number of A shares held by Shanghai Electric (Group) Corporation (“SEC”). SEC held also altogether 229,334,000 H shares of the Company in the name of Hong Kong Securities Clearing Company Nominees Limited through Shanghai-Hong Kong Stock Connect or a controlled corporation at the same time.

Immediately following the Issuance, SEC remains to be the controlling shareholder of the Company. The Issuance will not result in any change in the control of the Company.

(II) Change in the share capital structure of the Company before and after the Issuance

The following table sets out the change in the share capital structure of the Company before and after the Issuance:

Class of shares	Before the Issuance	After the Issuance
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	Number of shares	Percentage (%)	Number of shares	Percentage (%)
Shares subject to trading moratorium	606,843,370	4.52	1,484,761,376	10.38
Shares not subject to trading moratorium	12,824,319,068	95.48	12,824,319,068	89.62
Of which:				
— Renminbi-denominated ordinary shares (A shares)	9,851,407,068	73.35	9,851,407,068	68.85
— Foreign shares listed overseas (H shares)	2,972,912,000	22.13	2,972,912,000	20.77
Total	13,431,162,438	100	14,309,080,444	100

As the registered capital and total number of shares of the Company will change after the completion of the Issuance, the Company will make amendments to the relevant provisions of the Articles of Association of the Company accordingly to reflect the issue of the Consideration Shares under the Issuance.

V. OTHER INFORMATION ON THE TRANSACTIONS

The Transactions have positive impacts on the shareholding structure, financial position, profitability and corporate governance of the Company. For further details, please refer to the overseas regulatory announcement of the Company dated 1 August 2017 in relation to Report of Related Parties Transactions and Shanghai Electric Group Company Limited Assets Acquisition by Issuance of Shares and Raising Supporting Funds (Amended).

By order of the Board
Shanghai Electric Group Company Limited
Zheng Jianhua
Chairman of the Board

Shanghai, the PRC, 20 October 2017

As at the date of this announcement, the executive director of the Company is 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*