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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)

ADJUSTMENT OF CONVERSION PRICE OF A SHARE CONVERTIBLE

CORPORATE BONDS

Reference is made to the announcement of Shanghai Electric Group Company Limited (the "**Company**") dated 31 July 2017 in relation to the approval from the China Securities Regulatory Commission for the Asset Acquisition by Issuance of Shares and the Proposed Issuance and Placing of A Shares with which the Company is supposed to issue 877,918,006 A shares to Shanghai Electric (Group) Corporation as consideration for acquisition of certain assets and to raise no more than RMB3 billion supporting funds by means of non-public placement of A shares. According to Change of Securities Registration Certificate issued by China Securities Depository and Clearing Corporation Limited Shanghai Branch on 19 October 2017, the Company has completed the procedures for the registration of the new shares of 877,918,006 A shares issued to Shanghai Electric (Group) Corporation as consideration for acquisition of certain assets.

Reference is made to the announcement of the Company dated 28 January 2015 in relation to public issuance of A share convertible corporate bonds (the "**Electric Convertible Bonds**"). Pursuant to the terms under the prospectus in relation to the Electric Convertible Bonds, for any subsequent issuance of new shares of the Company after the issuance of the Electric Convertible Bonds, the conversion price shall be adjusted based on the following formula:

For any subsequent issuance of new shares or allotment of shares: $P1 = (P0 + A \times k) / (1 + k)$

Where: "P0" denotes the initial conversion price, "k" denotes the ratio of issuance of new shares or allotment ratio, "A" denotes the price for the issuance of new shares or allotment of shares and "P1" denotes the conversion price after adjustment.

According to the abovementioned requirements, the conversion price of Electric Convertible Bonds shall be adjusted from RMB10.65 per share to RMB10.46 per share as

from 24 October 2017.

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*