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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 PROGRESS OF THE ISSUANCE OF SHARES AND PURCHASING ASSETS

Reference is made to the announcement of Shanghai Electric Group Company Limited (the "**Company**") on 6 June 2018, in relation to, among others, that the Company is contemplating the acquisition of 51% equity interest in Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司, as "**Jiangsu Zhongneng**"), a subsidiary of GCL-Poly Energy Holdings Limited (a company listed on the Stock Exchange of Hong Kong Limited under the stock code HK3800) and trading of shares of the Company is suspended no longer than one month from the opening of the morning trading session of 6 June 2018.

As of the date of this announcement, the Company is in the process of argumentation and negotiation with relevant parties of the aforementioned matters concerning the issuance of shares and purchasing assets in accordance with the Measures for the Administration of the Material Asset Restructuring of Listed Companies and other relevant rules. During the trading suspension of the A shares of the Company, the Company will fulfil its obligation on timely disclosure of information based on the progress of the material asset reorganization and will publish progress announcements regarding relevant matters every five trading days. The board of directors of the Company will convene meeting to review documents in relation to the issuance of shares and purchasing assets after the relevant work has been completed, and then make an announcement on a timely manner and resume trading of A shares of the Company.

The announcements of the Company published on the designated media, namely China Securities Journal, Shanghai Securities News, Securities Times, the website of Shanghai Stock Exchange (www.sse.com.cn), as well as the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk), shall prevail and be the official public information disclosure of the Company.

The material matters may or may not proceed, and if it proceeds, may be subject to the approval of shareholders of the Company and shareholders of the counterparty of the transaction, regulatory approvals and various conditions precedent. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Shanghai, the PRC, 13 June 2018

As of 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*