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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

LATEST UPDATE ON THE PROPOSED SPIN-OFF AND LISTING OF SEWP ON THE SCIENCE AND TECHNOLOGY INNOVATION BOARD OF SHANGHAI STOCK EXCHANGE AND

POSSIBLE DISCLOSEABLE TRANSACTION

References are made to the announcements of the Company dated 6 January, 15 April, 7 May and 18 May 2020, and circular of the Company dated 21 April 2020 (the "**Circular**"), in relation to, among other things, the proposed spin-off and the listing of Shanghai Electric Wind Power Group Co., Ltd. (the "**SEWP**") on the Science and Technology Innovation Board of Shanghai Stock Exchange (the "**SSE**") (the "**Proposed Spin-off**"). Unless otherwise indicated, capitalized terms shall have the same meaning as defined in the Circular.

SUBMISSION OF LISTING APPLICATION

The Board is pleased to announce that SEWP submitted its listing application to the SSE on 18 June 2020, and received a notice of acceptance of the listing application from the SSE on 19 June 2020.

As of the date of this announcement, the Proposed Spin-off is subject to, among other things, approval from SSE and the completion of issuance registration procedures with China Securities Regulatory Commission. The terms of the offering plan, including the size and price range of the offering, and the timetable of the Proposed Spin-off have not yet been fixed as of the date of this announcement.

INFORMATION ON SEWP

SEWP is principally engaged in the design, research and development, manufacture and sale of large wind power generation equipment and aftermarket services.

LISTING RULES IMPLICATIONS

As the equity interests of the Company in SEWP is expected to decrease upon completion of the Proposed Spin-off, the Proposed Spin-off will constitute the Company's deemed disposal of its equity interests in SEWP under Chapter 14 of the Listing Rules. As it is currently expected that the highest applicable percentage ratio in respect of the Proposed Spin-off would be more than 5% but less than 25%, the Proposed Spin-off may constitute a discloseable transaction of the Company, and thus be subject to the announcement and reporting requirements, but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements of the Listing Rules as and when necessary.

The Company will make further announcement(s) in respect of the Proposed Spin-off in due course or in accordance with the applicable requirements of the Listing Rules.

Shareholders and potential investors of the Company should note that, the Proposed Spin-off is subject to, among other things, obtaining approval(s) from the relevant PRC regulatory authorities in accordance with applicable regulations and suitable market conditions, thus may or may not materialize. Shareholders and potential investors are therefore 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, 19 June 2020

As at the date of this announcement, the executive directors of the Company are Mr. ZHENG Jianhua, Mr. HUANG Ou, Mr. ZHU Zhaokai and Mr. ZHU Bin; the non-executive directors of the Company are Ms. YAO Minfang and Ms. LI An; and the independent non-executive directors of the Company are Dr. CHU Junhao, Dr. XI Juntong and Dr. XU Jianxin.

** For identification purpose only*