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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)

**SPECIAL EXPLANATIONS FOR NO PROFIT DISTRIBUTION PROPOSED
FOR THE YEAR 2022**

On 29 March 2023, the board of directors (the "**Board**") of Shanghai Electric Group Company Limited (the "**Company**") announced that the Company proposed no distribution of profit or conversion of capital reserves into share capital for the year 2022. The profit distribution plan is still subject to the Company's 2022 annual general meeting.

I. Distributable profits of the Company for the year 2022

As audited by PricewaterhouseCoopers Zhong Tian LLP, the net loss of the Company for the year 2022 as shown on the financial statements of the holding company prepared in accordance with the PRC Generally Accepted Accounting Principles was RMB3,131,640 thousand, the undistributed profits and the dividends payable on ordinary shares amounted to RMB1,905,104 thousand and RMB0 thousand at the beginning of 2022, respectively, and the distributable profits at the end of the period amounted to RMB -1,226,536 thousand.

II. Reasons for no profit distribution proposed for the year 2022

In accordance with the relevant provisions under the articles of association of the Company, the distribution of cash dividends by the Company shall be made on the conditions that the Company makes a profit and records accumulated undistributed profits in that year. The Company recorded net loss attributable to shareholders of the Company for the year 2022 and did not meet the conditions for the distribution of cash dividends.

III. Opinions from Independent Non-Executive Directors and Supervisory Committee

Independent opinions issued by independent non-executive directors of the Company are as follows: We believe that the Company's profit distribution plan for the year 2022 is in line with the current actual situation of the Company, in compliance with the relevant regulations on cash dividend distribution of listed companies, and is conducive to the sustainable, stable and healthy development of the Company. The meeting procedures of the Board are in compliance with the relevant laws and regulations and there is no violation of laws and regulations; and there is no situation that impairs the interests of the Company and its shareholders, in particular the minority shareholders. We agree with the Company's profit distribution plan for the year 2022 and agree on submission of the plan to the annual general meeting of the Company for approval.

Opinions issued by the supervisory committee of the Company are as follows: The Company's profit distribution plan for the year 2022 is in compliance with relevant regulations in relation to cash dividend of listed companies and the relevant provisions under the articles of association of the Company, and in line with actual operation situation of the Company; the meeting procedures of the Board are in compliance with the relevant laws and regulations and there is no violation of laws and regulations; and there is no situation that impairs the interests of the Company and its shareholders, in particular the minority shareholders. The supervisory committee of the Company agrees with the Company's profit distribution plan for the year 2022, and agrees on submission of the plan to the annual general meeting of the Company for approval.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board

Shanghai Electric Group Company Limited

LENG Weiqing

Chairlady of the Board

Shanghai, the PRC, 29 March 2023

As at the date of this announcement, the executive directors of the Company are Ms. LENG Weiqing, Mr. LIU Ping and Mr. ZHU Zhaokai; 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. XI Juntong, Dr. XU Jianxin and Dr. LIU Yunhong.

** For identification purpose only*