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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Electric Group Company Limited, you should at once hand this circular and the form of proxy to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)****(1) PROVISION OF EXTERNAL GUARANTEES BY THE COMPANY'S
CONTROLLED SUBSIDIARY****(2) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS
AND****(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

All capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular. A letter from the Board is set out on pages 1 to 8 of this circular.

A notice convening the EGM of the Company to be held at Reporting Hall, 2/F, Block A, No. 212, Qinqiang Road, Shanghai, the PRC at 2:00 p.m. on Friday, 23 February 2024 is set out on pages 9 to 10 of this circular.

A form of proxy for use at the EGM has been published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) on 25 January 2024. If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the forms of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the forms of proxy will not preclude you from attending the EGM and voting in person if you so wish.

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DEFINITIONS

Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:

“A Share(s)”	the domestic ordinary share(s) of nominal value RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange and traded in RMB;
“Articles of Association”	the articles of association of the Company as amended from time to time;
“Board”	the board of Directors of the Company;
“Company”	Shanghai Electric Group Company Limited (上海電氣集團股份有限公司), a joint stock limited company duly incorporated in the PRC with limited liability, the H shares of which are listed on The Stock Exchange of Hong Kong Limited under stock code 02727 and the A shares of which are listed on the Shanghai Stock Exchange under stock code 601727;
“Directors”	the directors of the Company;
“EGM”	the 2024 second extraordinary general meeting of the Company to be convened at 2:00 p.m. on Friday, 23 February 2024 at Reporting Hall, 2/F, Block A, No. 212, Qinjiang Road, Shanghai, the PRC and any adjourned meeting thereof;
“Group”	the Company and its subsidiaries;
“H Share(s)”	the overseas listed foreign capital share(s) of nominal value RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of China;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Non-executive Director(s)”	the independent non-executive director(s) of the Company;

DEFINITIONS

“Latest Practicable Date”	23 January 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the ordinary share(s) of nominal value RMB1.00 each in the share capital of the Company, including both A Share(s) and H Share(s);
“Shareholder(s)”	the shareholder(s) of the Company, including both holder(s) of A Share(s) and holders of H Share(s);
“subsidiary(ies)”	subsidiary(ies) within the meaning ascribed thereto under the Listing Rules;
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules;
“Supervisor(s)”	the supervisors of the Company; and
“%”	per cent.

All times in this circular refer to Hong Kong local time, except as otherwise stated.

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. WU Lei
Mr. LIU Ping
Mr. ZHU Zhaokai

Registered office:

30th Floor, Maxdo Center
No. 8 Xingyi Road
Shanghai
PRC

Non-executive Directors:

Ms. YAO Minfang
Ms. LI An

Principal place of business

in Hong Kong:

Rooms 901-903
Tower Two, Lippo Centre
89 Queensway
Hong Kong

Independent Non-executive Directors:

Dr. XI Juntong
Dr. XU Jianxin
Dr. LIU Yunhong

26 January 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROVISION OF EXTERNAL GUARANTEES BY THE COMPANY'S
CONTROLLED SUBSIDIARY**

(2) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS

AND

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

The purpose of this circular, of which this letter forms a part, is to give you a notice of the EGM, and to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

* *For identification purpose only*

LETTER FROM THE BOARD

The following ordinary resolutions will be proposed at the EGM to consider and approve, among other things: provision of external guarantees by the Company's controlled subsidiary; and proposed appointment of non-executive Directors.

2. PROVISION OF EXTERNAL GUARANTEES BY THE COMPANY'S CONTROLLED SUBSIDIARY

1) Summary of External Guarantees

On 16 January 2024, the Resolution on the Investment and Construction of 260MW Photovoltaic Power Generation Project in Yanguoxia, Yongjing County, Linxia (《關於投資建設臨夏永靖縣鹽鍋峽260MW光伏發電項目的議案》) was considered and approved at the 88th meeting of the fifth session of the Board of the Company. It is agreed that Shanghai Electric New Energy Development Co., Ltd. (上海電氣新能源發展有限公司) (“**Electric New Energy**”), the controlling subsidiary of the Company, would increase its capital by RMB5.5 million to its wholly-owned subsidiary, Gansu Liujiaxia Shengda New Energy Co., Ltd. (甘肅劉家峽晟達新能源有限公司) (“**Shengda New Energy**”), and after the capital increase, the registered capital of Shengda New Energy shall be RMB10 million. Shengda New Energy would increase its capital by RMB5 million to its wholly-owned subsidiary, Gansu Liujiaxia Haobo New Energy Co., Ltd. (甘肅劉家峽浩博新能源有限公司) (“**Haobo New Energy**”), and after the capital increase, the registered capital of Haobo New Energy shall be RMB10 million. It is agreed that Haobo New Energy would invest and construct 260MW Photovoltaic Power Generation Project in Yanguoxia, Yongjing County, Linxia (the “**Linxia PV Project**”) with a total investment of RMB1,339 million. It is agreed that Haobo New Energy would finance the Linxia PV Project in the amount of RMB950 million by way of finance lease with a consolidated interest rate of 4.8% and a term of 15 years. In particular, Shengda New Energy would provide equity pledge guarantee to CITIC Financial Leasing Co., Ltd. (中信金融租賃有限公司) and PowerChina Leasing Co., Ltd. (中國電建集團租賃有限公司) for the aforesaid finance lease in respect of its 100% equity interest in Haobo New Energy in the amount of RMB1,399.37 million (including the principal amount of the financing, interest and handling fee) for a term of 15 years.

As external financing is required for the construction of the Linxia PV Project by Haobo New Energy, the gearing ratio of Haobo New Energy is expected to exceed 70%, and this external guarantee is subject to the consideration at the EGM of the Company in accordance with the relevant provisions under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

LETTER FROM THE BOARD

2) Basic Information of the Guarantee

1. Name of the guarantee: Haobo New Energy
2. Unified social credit code: 91622923MABRKT0P4G
3. Date of establishment: 17 June 2022
4. Registered address: Room 002, Building No. 2, Yanbei Road, No. 1 Community, Yanguoxia Town, Yongjing County, Linxia Hui Autonomous Prefecture, Gansu Province
5. Legal representative: Zhu Jiahua
6. Registered capital: RMB5 million
7. Main business: power generation business, power transmission business, power supply (distribution) business. (For items that require approvals according to laws, activities can be commenced after being approved by the relevant authorities, and specific items are subject to approval documents or permits issued by relevant authorities) General items: power generation technical services; wind power generation technical services. (Excluding items that require approvals according to laws, conducting business activities independently under the licence and the law).
8. Equity structure: Shengda New Energy, a wholly-owned subsidiary of Electric New Energy, a controlling subsidiary of the Company, holds 100% equity interest in Haobo New Energy.

Haobo New Energy is the implementation entity of the Linxia PV Project. As at the Latest Practicable Date, Haobo New Energy has not commenced any production and operation business and the Company and its subsidiaries have not provided any guarantee to Haobo New Energy.

LETTER FROM THE BOARD

3) Main Contents of the Equity Pledge Contract

1. Pledgor (guarantor): Shengda New Energy
2. Debtor under the main contract (guarantee): Haobo New Energy
3. Pledgee: CITIC Financial Leasing Co., Ltd., PowerChina Leasing Co., Ltd.
4. Collateral subject: 100% equity interest in Haobo New Energy
5. Collateral amount: RMB1,399.37 million
6. Collateral term: 15 years

Shengda New Energy would agree to pledge its legally held equity interest in Haobo New Energy to guarantee all the credit rights enjoyed by CITIC Financial Leasing Co., Ltd. and PowerChina Leasing Co., Ltd. in respect of Haobo New Energy under the main contract (the “**Finance Lease Contract**”), and CITIC Financial Leasing Co., Ltd. and PowerChina Leasing Co., Ltd. would agree to accept the equity pledge guarantee of Haobo New Energy provided by Shengda New Energy.

4) Opinion from the Board

On 16 January 2024, the Resolution on the Investment and Construction of 260MW Photovoltaic Power Generation Project in Yanguoxia, Yongjing County, Linxia (《關於投資建設臨夏永靖縣鹽鍋峽260MW光伏發電項目的議案》) was considered and approved at the 88th meeting of the fifth session of the Board of the Company, with the voting results of 8 votes in favor, 0 vote against and 0 abstention.

The independent Directors are of the view that: we have reviewed the resolution, in which the provision of equity pledge guarantee in respect of 100% equity interest held by Shengda New Energy in Haobo New Energy to a finance leasing company constitutes the Company’s external guarantee, which is in line with the needs of the project and has not been found to be detrimental to the interests of the Shareholders of the Company. All Directors of the Company agreed to the resolution at the time of the consideration of the resolution. The procedures of consideration and voting at the meeting comply with the laws, administrative regulations, rules of the stock exchanges where the shares of the Company are listed and relevant provisions of the articles of association. We give our consent to the resolution.

LETTER FROM THE BOARD

5) Accumulated Amount of External Guarantees and Amount of Overdue Guarantees

As of 31 December 2023, the total external guarantees of the Company and its subsidiaries amounted to RMB20,003,564 thousand, representing 36.46% of the audited net assets attributable to the shareholders of the Company in 2022, of which the total external guarantees of the Company and its subsidiaries which were provided for wholly-owned and controlled subsidiaries amounted to RMB17,775,424 thousand, representing 32.40% of the audited net assets attributable to the shareholders of Company in 2022. The Company has no overdue external guarantees.

3. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Reference is made to the announcement of the Company dated 16 January 2024 in relation to the proposed appointment of Mr. Shao Jun (“**Mr. SHAO**”) and Ms. Lu Wen (“**Ms. LU**”) as non-executive Directors of the Company, which are subject to the Shareholders’ approval at the EGM.

The Board approved the nomination of Mr. SHAO as a candidate for non-executive Director of the fifth session of the Board of the Company. The term of office of Mr. SHAO will be from the date on which his appointment is approved at the general meeting to the end of the term of the fifth session of the Board.

The Board approved the nomination of Ms. LU as a candidate for non-executive Director of the fifth session of the Board of the Company. The term of office of Ms. LU will be from the date on which her appointment is approved at the general meeting to the end of the term of the fifth session of the Board.

The biography of Mr. SHAO is as follows:

Mr. SHAO Jun, aged 49, is currently the general manager of the investment management department of Shenergy (Group) Co., Ltd. and a director of Shenergy Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600642). Mr. SHAO once served as the manager, senior manager and deputy director in the general manager office of the West-East Natural Gas Transmission Pipeline Branch of China National Petroleum Corporation, deputy investigator and deputy director of the Shanghai Municipal Development & Reform Commission, deputy manager of the investment management department of Shenergy (Group) Co., Ltd., deputy general manager of Shanghai Gas (Group) Co., Ltd., vice president of Shanghai Gas Co., Ltd., and chairman of the supervisory committee of Shanghai Jiulian Group Co., Ltd. Mr. SHAO holds a bachelor’s degree in philosophy and is an economist.

LETTER FROM THE BOARD

The biography of Ms. LU is as follows:

Ms. LU Wen, aged 47, is currently a member of the Party Committee, vice president and employee director of Shanghai State-owned Capital Investment Co., Ltd. Ms. LU served as an audit manager of PricewaterhouseCoopers Zhong Tian LLP, the director of the investment department of Shanghai Lingang Economic Development (Group) Co., Ltd., the director, executive vice president and the board secretary of Shanghai Lingang Holdings Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600848). Ms. LU holds a master's degree in accounting and is a certified public accountant.

As at the Latest Practicable Date and to the best knowledge of the Board, save as disclosed in this circular, (i) Mr. SHAO and Ms. LU did not hold any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) Mr. SHAO and Ms. LU do not have any other relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholder (as defined in the Listing Rules) of the Company; and (iii) Mr. SHAO and Ms. LU do not have any interest in the shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

During their term of office as non-executive Directors of the Company, Mr. SHAO and Ms. LU will not receive any remuneration from the Company. As at the Latest Practicable Date, the Company has not yet entered into any director service contract with Mr. SHAO and Ms. LU.

Save as disclosed above, there is no information relating to the proposed appointment of Mr. SHAO and Ms. LU which shall be disclosed pursuant to the requirements set out in Rules 13.51(2) (h) to (v) of the Listing Rules nor any matter which needs to be brought to the attention of the Shareholders.

The Independent Non-executive Directors of the Company express their opinions as follows: Having reviewed the biographies of and other materials on Mr. SHAO and Ms. LU, the proposed Director candidates, we are of the view that Mr. SHAO and Ms. LU comply with the relevant laws, regulations and normative documents as well as the qualification requirements for directorships of the Company set out in the Articles of Association of the Company, and are competent in acting as Directors of the Company. The consideration and voting procedures of the Board of the Company in respect of the relevant resolutions are in compliance with the relevant laws, regulations and normative documents as well as the requirements set out in the Articles of Association of the Company, and we hereby express our consent to the resolutions.

LETTER FROM THE BOARD

4. EGM

The EGM will be held at 2:00 p.m. on Friday, 23 February 2024 at Reporting Hall, 2/F, Block A, No. 212, Qinjiang Road, Shanghai, the PRC. Notice of the EGM and the form of proxy to be used at the EGM have been despatched to the Shareholders by the Company on 26 January 2024 and were also published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.shanghai-electric.com>).

In order to determine the list of Shareholders who are entitled to attend the EGM, the register of members of the H Shares will be closed from Tuesday, 20 February 2024 to Friday, 23 February 2024 (both days inclusive), during which period no transfer of H Shares will be effected. Holders of the Company's H Shares whose names appear on the register of members on Friday, 23 February 2024 are entitled to attend the EGM.

In order to qualify for attending and voting at the EGM, the holders of H Shares of the Company whose transfers have not been registered must deposit transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Monday, 19 February 2024, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

None of the Shareholders has a material interest in any resolution proposed at the EGM and thus none is required to abstain from voting at the EGM. None of the Directors has a material interest in any resolution proposed at the EGM.

5. RECOMMENDATION

The Directors (including the Independent Non-executive Directors) are of the view that the resolutions described in this circular are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

6. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, the resolutions at the general meeting of the Company will be taken by way of poll. Among which, the resolution in relation to consider and approve the appointment of non-executive directors will adopt the cumulative voting system. The cumulative voting system means that during the election of directors or supervisors at the general meeting, each share entitled to vote carries a number of voting rights equivalent to the number of directors or supervisors to be elected. The voting rights held by a shareholder may be used in a concentrated way.

The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

By order of the Board
Shanghai Electric Group Company Limited
WU Lei
Chairman of the Board

Shanghai, the PRC
26 January 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 second extraordinary general meeting (the “EGM”) of Shanghai Electric Group Company Limited (the “Company”) will be held at 2:00 p.m. on Friday, 23 February 2024 at Reporting Hall, 2/F, Block A, No. 212, Qinjiang Road, Shanghai, the PRC for the purpose of considering and, if thought fit, approving the following resolutions:

ORDINARY RESOLUTIONS:

1. To consider and approve the provision of external guarantees by the Company’s controlled subsidiary.
2. To consider and approve the appointment of non-executive directors (cumulative voting system):
 - 2.01 To consider and approve the appointment of Mr. SHAO Jun as a non-executive director of the fifth session of the board of directors of the Company;
 - 2.02 To consider and approve the appointment of Ms. LU Wen as a non-executive director of the fifth session of the board of directors of the Company.

By order of the Board

Shanghai Electric Group Company Limited

WU Lei

Chairman of the Board

Shanghai, the PRC, 26 January 2024

As at the date of this notice, the executive directors of the Company are Dr. WU Lei, 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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The voting at the EGM shall be conducted by way of poll. Among which, the resolution in relation to consider and approve the appointment of non-executive directors will adopt the cumulative voting system. The cumulative voting system means that during the election of directors or supervisors at the general meeting, each share entitled to vote carries a number of voting rights equivalent to the number of directors or supervisors to be elected. The voting rights held by a shareholder may be used in a concentrated way.
2. The holders of A Shares and H Shares will vote as one class of shareholders. The Company's register of members for the H Shares will be closed from Tuesday, 20 February 2024 to Friday, 23 February 2024 (both days inclusive), during which period no transfer of H Shares will be effected. The holders of H Shares whose names appear on the Company's register of members on Friday, 23 February 2024 are entitled to attend the EGM. In order to qualify for attending the EGM, the holders of H Shares whose transfers have not been registered must deposit transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Monday, 19 February 2024. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
3. Each Shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a Shareholder. Each Shareholder who wishes to appoint one or more proxies should first review the circular in respect of the EGM of the Company.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his/her attorney duly authorised in writing. If the Shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of the Shareholder, the power of attorney authorizing that attorney to sign or other authorisation document must be notarised.
5. In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) signed by the authorised person or notarially certified power of attorney must be deposited to Computershare Hong Kong Investor Services Limited for holders of H Shares at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if he/she so wishes.
6. The EGM is expected to last for no more than half a day. Shareholders (or their proxies) attending the meeting are responsible for their own transportation and accommodation expenses. Shareholders (or their proxies) attending the meeting shall produce their identity documents.
7. All times refer to Hong Kong local time, except as otherwise stated.