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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 THE PROGRESS OF THE NON-PUBLIC ISSUANCE OF EXCHANGEABLE CORPORATE BONDS BY THE CONTROLLING SHAREHOLDER

This announcement is made by the board of directors of Shanghai Electric Group Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and with reference to Rule 13.10B of the Listing Rules.

Reference is made to the Company dated 23 January 2024 in relation to Shanghai Electric Holding Group Co., Ltd. (“**SEGC**”), the controlling shareholder of the Company proposing the non-public issuance of exchangeable corporate bonds (the “**Exchangeable Bonds**”). The No Objection Letter with respect to the Exchangeable Bonds has been obtained from the Shanghai Stock Exchange and SEGC may issue the Exchangeable Bonds with a total amount not exceeding RMB5 billion to qualified investors in a non-public way within 12 months from the date of issuance of the No Objection Letter. Terms defined in the abovementioned announcement shall have the same meaning when used herein unless the context herein requires otherwise.

On 14 March 2024, the Company received a notice from SEGC that it proposed to use certain A shares of the Company held by SEGC and its yields (including share conversion, bonus issue and cash dividend, excluding additional shares from subsequent share issue and allotment, and cash dividends, which have been declared prior to the registration of pledge and should be attributable to SEGC) as the exchange objects for the non-public issuance of the Exchangeable Bonds. The term of the Exchangeable Bonds to be issued is 3 years, and the scale of funds to be raised shall not exceed RMB5 billion (inclusive). Upon the satisfaction of the conditions for conversion, the holders of the Exchangeable Bonds are entitled to exchange the Exchangeable Bonds held into A shares of the Company.

According to the notice, SEGC intends to commence the issuance of the “Non-Public Issuance of Exchangeable Corporate Bonds to Professional Investors in 2024 (Phase I) of Shanghai Electric Holding Group Co., Ltd.” (the “**Bonds**”) in the near future. SEGC has recently opened a security account for pledging the exchangeable corporate bonds designated for the Bonds (the “**Designated**

Pledge Account”) and intends to transfer no more than 1,710,000,000 A shares of the Company (accounting for 10.98% of the total share capital of the Company) held by SEGC from its security account to the Designated Pledge Account in order to carry out share pledge registration, which will be used to guarantee the exchange of the Company’s shares for holders of the Exchangeable Bonds and to provide guarantee for the principal and interest repayment of the Bonds. The pledge will not cause any change of the actual control over the Company.

In relation to the issuance of the Exchangeable Bonds and subsequent events, the Company will perform its information disclosure obligations in a timely manner in accordance with relevant regulations.

By order of the Board

Shanghai Electric Group Company Limited

WU Lei

Chairman of the Board

Shanghai, the PRC, 14 March 2024

As at the date of this announcement, 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 Mr. SHAO Jun and Ms. LU Wen; and the independent non-executive directors of the Company are Dr. XI Juntong, Dr. XU Jianxin and Dr. LIU Yunhong.

** For identification purpose only*