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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 MATERIAL LITIGATION

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.

#### I. BACKGROUND OF THE CASE

References are made to the announcement of the Company dated 16 January 2018 in relation to the material litigation of the Company (the “**Litigation**”) involving the Company and Shanghai Electric Rongchuang Financial Leasing Co., Ltd. (上海電氣融創融資租賃有限公司) (“**Electric Leasing**”), a subsidiary of the Company and the announcements of the Company dated 17 January 2018, 23 October 2019, 1 November 2019, 8 July 2020 and 29 December 2020, respectively, in relation to the progress of the Litigation. Unless otherwise indicated, capitalised terms used in this announcement shall have the same meaning as those defined in the aforementioned announcements.

#### II. PROGRESS OF THE CASE

Shanghai High People's Court opened a court session on the case and issued a retrial civil judgment of first instance in early 2023. Xinjiang Jiarun Resources Holdings Co., Ltd. (新疆嘉潤資源控股有限公司) (“**Jiarun Company**”), Qingdao Antaixin Group Co., Ltd. (青島安泰信集團有限公司) (“**Antaixin Company**”) and Qingdao Shengshi Jiaye Business Development Co., Ltd. (青島盛世嘉業商業發展有限公司) (“**Shengshi Jiaye**”) lodged an appeal to the Supreme People's Court against such judgement. Recently, Jiarun Company, Antaixin Company and Shengshi Jiaye withdrew their appeal, and the Supreme People's Court issued a civil ruling paper that the withdrawal of the appeal was granted and the retrial judgement of first instance has become legally effective since the date of service of the ruling paper. The main contents of the retrial judgement of first instance are as follows:

1. It is ruled that Jiarun Company, as a defendant, shall pay Electric Leasing, as the plaintiff, within ten days from the effective date of this judgment, the principal amount of the facilities in the amount of RMB616,256,449.52, interest on the facilities in the amount of RMB46,186,097.31 and the penalty for delayed performance in the amount of RMB34,072,066.83 for the period as of 22 January 2018, and the penalty for delayed performance calculated based on RMB616,256,449.52 for the period from 23 January 2018 to the date of actual repayment, at the annual interest rate of 24%;
2. It is ruled that Jiarun Company, as a defendant, shall pay the Electric Leasing, as the plaintiff, the transfer fee for the residual value of the leased items in the amount of RMB10,000 within ten days from the effective date of this judgement;
3. It is ruled that Jiarun Company, as a defendant, shall compensate Electric Leasing, as the plaintiff, for the loss of RMB200,000 in respect of the lawyer fee within ten days from the effective date of this judgement;
4. It is ruled that Antaixin Company, as a defendant, shall assume joint liability of satisfaction to Electric Leasing, as the

plaintiff, for the debts owed by Jiarun Company, as a defendant, under the clause 1, 2 and 3 above and Antaixin Company shall be entitled to claim compensation to the extent of its liability from Jiarun Company, as a defendant, after assuming the liability of guarantee;

5. It is ruled that Wang Zhijun, as a defendant, shall assume joint liability of satisfaction to Electric Leasing, as the plaintiff, for the debts owed by Jiarun Company, as a defendant, under the clause 1, 2 and 3 above and Wang Zhijun shall be entitled to claim compensation to the extent of his liability from Jiarun Company, as a defendant, after assuming the liability of guarantee;

6. It is ruled that within the scope of the debts owed by Jiarun Company, as a defendant, under the clause 1, 2 and 3 above, Electric Leasing, as the Plaintiff, shall be entitled to exercise the pledge right over the collaterals provided by Shengshi Jiaye, as a defendant, and be repaid in priority at a discount or with the proceeds from auction or sale of such collaterals, the collaterals are the real estate located at Commercial-101, -102, 101, 102, 201, 301, 401, Garage-101 and Garage-201 of Building No. 1 of Shengshi Plaza, No. 187 North Guangzhou Road, Jiaozhou City, Shandong Province, and Shengshi Jiaye, as a defendant, shall be entitled to claim compensation to the extent of its liability from Jiarun Company, as a defendant, after assuming the liability of guarantee;

7. It is ruled that the remaining claims of Electric Leasing, the plaintiff, shall be rejected.

If the obligation to pay money is not fulfilled within the period specified in this judgment, interest on the debts for the delayed period shall be doubled in accordance with Article 260 of the Civil Procedure Law of the People's Republic of China.

For the court acceptance fee of RMB7,403,543.04 and property preservation expenses of RMB5,000, totalling RMB7,408,543.04, in respect of the case, Electric Leasing shall assume RMB1,494,431.13, Jiarun Company, Antaixin Company, Wang Zhijun and Shengshi Jiaye, as the defendants, shall jointly assume RMB5,914,111.91. Shengshi Jiaye shall pay the appraisal cost in the amount of RMB54,500.

### **III. EFFECTS OF THE LITIGATION ON THE PROFITS OF THE COMPANY FOR THE CURRENT OR SUBSEQUENT PERIODS**

As of the end of November 2023, the original carrying amount of the receivables of Electric Leasing under the project was RMB666,237,600.00, for which a cumulative bad debt provision of RMB227,013,200.00 had been made, with the balance being RMB439,224,400.00. The result of the execution of the case and the impact on the profit of Electric Leasing for the current or subsequent periods is uncertain. The Company will fulfil its information disclosure obligations according to the subsequent progress.

**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**

**ZHOU Zhiyan**

*Board Secretary*

Shanghai, the PRC, 8 December 2023

*As at the date of this announcement, the executive directors of the Company are 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*