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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.

References are made to the announcement of 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 professional investors in a non-public way within 12 months from the date of issuance of the No Objection Letter; the announcement of the Company dated 14 March 2024 in relation to the proposed non-public issuance of exchangeable corporate bonds in respect of 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. The term of the exchangeable corporate 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. Terms defined in the abovementioned announcements shall have the same meaning when used herein unless the context herein requires otherwise.

On 18 March 2024, the Company received a notice from SEGC that SEGC has pledged 1,710,000,000 A shares (representing 10.98% of the Company’s total share capital) (the “**Pledged Shares**”) held by SEGC to Guotai Junan Securities Co., Ltd. (the “**Share Pledge**”) in accordance with the signed “Share Pledge Guarantee Contract of Shanghai Electric Holding Group Co., Ltd. for Non-Public Issuance of Exchangeable Corporate Bonds to Professional Investors in 2023” and the “Confirmation Letter on the Number of Pledged Shares in relation to the Share Pledge Guarantee Contract of Shanghai Electric Holding Group Co., Ltd. for Non-Public Issuance of Exchangeable Corporate Bonds to Professional

Investors in 2023”. The Share Pledge serves 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 aforesaid registration procedures for the Share Pledge were completed on 15 March 2024 at China Securities Depository and Clearing Corporation Limited Shanghai Branch, and transferred to “Shanghai Electric Holding Group Co., Ltd. - Shanghai Electric Holding Group Co., Ltd. Pledge Special Account for Non-Public Issuance of Exchangeable Corporate Bonds to Professional Investors in 2024 (Phase I)”. The date of release of the pledge shall be the date of the release of the pledge of shares by China Securities Depository and Clearing Corporation Limited Shanghai Branch. The details of the Share Pledge are as follows:

1. Basic Information about the Share Pledge

Name of the shareholder	Whether a controlling shareholder or not	Number of shares being pledged	Restricted shares or not	Whether a supplementary pledge or not	Commencement date of the Share Pledge	Expiry date of the Share Pledge	Pledgee	Proportion to the number of shares held by the shareholder	Proportion to the total issued share capital of the Company	Use of proceeds of the Share Pledge
Shanghai Electric Holding Group Co., Ltd.	Yes	1,710,000,000	No	No	15 March 2024	Until the Pledgee has completed the termination procedure of pledge	Guotai Junan Securities Co., Ltd.	22.05%	10.98%	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

2. The Share Pledge is not used as guarantees for matters such as performance compensation in major assets restructuring or other guarantee purposes.

3. Information of Accumulated Pledged Shares of the Shareholder

As of the date of this announcement, the accumulated pledged shares (including the Pledged Shares) of SEGC, the Company’s controlling shareholder, and its parties acting in concert are as follows:

Name of the shareholder	Number of shares held by the shareholder	Shareholding percentage	Accumulated number of pledged shares before the Share Pledge	Accumulated number of pledged shares after the Share Pledge	Proportion to the number of shares held by the shareholder	Proportion to the total issued share capital of the Company	Pledged shares		Unpledged shares	
							Number of restricted shares among pledged shares	Number of frozen shares among pledged shares	Number of restricted shares among unpledged shares	Number of frozen shares among unpledged shares
Shanghai Electric Holding Group Co., Ltd.	7,755,743,913	49.78%	284,545,455	1,994,545,455	25.72%	12.80%	0	0	0	0
Total	7,755,743,913	49.78%	284,545,455	1,994,545,455	25.72%	12.80%	0	0	0	0

The Share Pledge serves 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.

SEGC owns a good credit standing and repayment ability. There is no risk of liquidation or forced liquidation of the Pledged Shares. Should the Pledged Shares be exposed to any liquidation risk, SEGC will take measures including supplemental pledge and cash replenishment. The Share Pledge will not cause change of the actual control over the Company.

If there are other significant changes to the above Share Pledge, 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, 18 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*