THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 forms 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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上海电气* SHANGHAI ELECTRIC

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) APPLICATION FOR A LOAN GUARANTEE NOT EXCEEDING EUR 90 MILLION BY SHANGHAI PRIME (HK) INVESTMENT MANAGEMENT COMPANY LIMITED;
(2) APPLICATION OF THE COMPANY FOR THE REGISTRATION AND ISSUANCE OF DEBT FINANCING INSTRUMENTS;
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 7 of this circular.

A notice convening the EGM of the Company to be held at 2:00 p.m. on Monday, 22 September 2025 at Reporting Hall, Shanghai Electric Training Base, 2748 Pudong Avenue, Shanghai is set out on pages 8 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 1 September 2025. If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon 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 form of proxy will not preclude you from attending the EGM and voting in person if you so wish.

1 September 2025

* *For identification purposes only*

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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;
"Board"	the board of directors of the Company;
"Company"	Shanghai Electric Group Company Limited, a joint stock limited company duly incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange under stock code 02727 and the A Shares of which are listed on the Shanghai Stock Exchange under stock code 601727;
"Articles of Association"	the articles of association of the Company as amended from time to time;
"Director(s)"	the director(s) of the Company;
"EGM"	the extraordinary general meeting of the Company to be convened at 2:00 p.m. on Monday, 22 September 2025 at Reporting Hall, Shanghai Electric Training Base, 2748 Pudong Avenue, Shanghai, the PRC;
"H Share(s)"	the H share(s), being the overseas listed foreign share(s) issued, in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed on the main board of the Stock Exchange;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"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 Special Administrative Region, 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 holder(s) of both A Share(s) and H Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"%"	per cent.

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. ZHU Zhaokai
Mr. WANG Chenhao

Non-executive Directors:
Mr. SHAO Jun
Ms. LU Wen

Independent Non-executive Directors:
Dr. XU Jianxin
Dr. LIU Yunhong
Dr. DU Zhaohui

Registered office:
No. 16 Lane 1100 Huashan Road
Shanghai, the PRC

Principal place of business in Hong Kong:
Room 901–903
Tower Two, Lippo Centre
89 Queensway
Hong Kong

1 September 2025

To the Shareholders

Dear Sirs or Madams,

(1) APPLICATION FOR A LOAN GUARANTEE NOT EXCEEDING EUR 90 MILLION BY SHANGHAI PRIME (HK) INVESTMENT MANAGEMENT COMPANY LIMITED;
(2) APPLICATION OF THE COMPANY FOR THE REGISTRATION AND ISSUANCE OF DEBT FINANCING INSTRUMENTS;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. 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.

At the EGM, the following ordinary resolutions will be proposed to consider and approve, among other things, (1) application for a loan guarantee not exceeding EUR 90 million by Shanghai Prime (HK) Investment Management Company Limited; and (2) application of the Company for the registration and issuance of debt financing instruments.

II. APPLICATION FOR A LOAN GUARANTEE NOT EXCEEDING EUR 90 MILLION BY SHANGHAI PRIME (HK) INVESTMENT MANAGEMENT COMPANY LIMITED

1. Overview of the Guarantee

(1) Particulars of the guarantee

In order to support the production and operation of the Company's subsidiaries, Shanghai Prime Mingyu Machinery Technology Co., Ltd. ("**Prime Mingyu**"), a controlled subsidiary of the Company, intends to provide a guarantee not exceeding EUR 90 million to Shanghai Prime (HK) Investment Management Company Limited ("**Prime HK**"), a wholly-owned subsidiary of Prime Mingyu, with a guarantee period not exceeding 3 years. This guarantee does not involve counter guarantee.

(2) Internal approval procedures

On 29 August 2025, the Proposal on the Application for a Loan Guarantee Not Exceeding EUR 90 Million by Shanghai Prime (HK) Investment Management Company Limited was considered and approved at the 114th meeting of the fifth Board of the Company.

Given that Prime HK's gearing ratio exceeds 70%, this guarantee matter is subject to further consideration and approval by the Company's general meeting.

(3) Basic information of the guarantee

Guarantor	Guaranteed party	Shareholding proportion of guarantor	Latest gearing ratio of the guaranteed party	Outstanding guarantee amount up to now	Amount of additional quota of guarantee	Percentage of the guarantee to the latest net assets of the Company	Expected validity period of guarantee	Guarantee for related party *(Y/N)*
Shanghai Prime Mingyu Machinery Technology Co., Ltd.	Shanghai Prime (HK) Investment Management Company Limited	100%	80%	EUR 91.25 million	EUR 90 million (equivalent to approximately RMB810 million)	1.52%	3 years	N

2. Basic Information of the Guaranteed Person

Type of the guaranteed person Legal person

Name of the guaranteed person Shanghai Prime (HK) Investment Management Company Limited

Substantial shareholders and shareholding proportion 100% owned by Shanghai Prime Mingyu Machinery Technology Co., Ltd., a controlled subsidiary of the Company

Date of incorporation November 2023

Place of incorporation Hong Kong, PRC

Registered capital HKD2,170,484 thousand

Principal business Investment and trade

	Item	**30 June 2025/from 1 January 2025 to 30 June 2025** (Unaudited)	**31 December 2024/2024** (Audited)
Key financial indicators *(in thousands of EUR)*	Total assets	606,981	584,154
	Total liabilities	485,532	457,074
	Net assets	121,449	127,080
	Operating income	340,277	644,688
	Net profit	-7,197	-30,019

3. Main Contents of the Guarantee Agreement

The main provisions of the Guarantee Agreement to be executed by Prime Mingyu are as follows:

1. Nature of guarantee: Joint and several liability guarantee.

2. Guaranteed amount: EUR 90 million.

3. Scope of guarantee: All principal, interest, penalty charges, compensation, and other amounts payable by the debtor under the master agreement, as well as any costs incurred by the creditor in enforcing the primary obligation and guarantee rights.

4. Guarantee term: A period of three years commencing from the date of the initial loan disbursement.

This guarantee does not involve any counter-guarantee.

4. Necessity and Reasonableness of the Guarantee

After careful deliberation, the Board of the Company considers that the proposed guarantee is intended to support the loan refinancing of Prime HK, which aligns with the production and operational needs of Prime HK. As the guaranteed party is a controlled subsidiary of the Company, currently maintaining stable production and operations, and the Company is capable of effectively managing its operation while having timely access to its credit status and fulfillment capacity, the risks associated with this guarantee are controllable. The Board therefore approves the provision of the guarantee.

5. Opinion from the Board

On 29 August 2025, the Proposal on the Application for a Loan Guarantee not Exceeding EUR 90 Million by Shanghai Prime (HK) Investment Management Company Limited was considered and approved at the 114th 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.

6. Accumulated Amount of External Guarantees and Amount of Overdue Guarantees

As of the date of this circular, the total external guarantees of the Company and its subsidiaries amounted to RMB14,228.515 million, representing 26.8% of the audited net assets attributable to the shareholders of the Company in 2024, of which the external guarantees of the Company and its subsidiaries which were provided for wholly-owned and controlled subsidiaries of the Company amounted to RMB12,832.935 million, representing 24.1% of the audited net assets attributable to the shareholders of Company in 2024. The Company has no overdue external guarantees.

III. APPLICATION OF THE COMPANY FOR THE REGISTRATION AND ISSUANCE OF DEBT FINANCING INSTRUMENTS

The Company proposes to apply to the National Association of Financial Market Institutional Investors (NAFMII) for the registration and issuance of debt financing instruments in an aggregate amount of RMB10 billion, with a validity period of two years from the date of approval by NAFMII. The types of instruments may include, but are not limited to medium-term notes, short-term financing bills, super short-term commercial paper, and private placement instruments. The instruments may be registered and issued in one or multiple tranches based on funding needs, with multiple issuances permitted within the validity period of the registered quota. The proceeds will be used for the repayment of existing debts and other purposes permitted by NAFMII, with the maximum tenor not exceeding 10 years (inclusive).

To effectively coordinate specific matters in the issuance process of the debt financing instruments, in accordance with relevant laws, regulations and normative documents, it is proposed that the general meeting authorize the Company's chief financial officer to be responsible for the implementation of the registration and issuance of the debt financing instruments after the proposal is considered and approved by the general meeting of the Company, and to handle matters related to the issuance, including but not limited to:

1. In accordance with the provisions of laws, regulations, rules and normative documents, and in light of the actual situation of the Company and the market, formulate specific issuance plans for debt financing instruments, including but not limited to: types of instruments to be registered, timing of issuance, issuance size, tenor, interest rate and its determination mechanism, formation of underwriting syndicates, determination of underwriting fees and incentive structures, specific use of proceeds, schedule and method of principal and interest payments, and decisions on whether to implement credit enhancement measures, as well as all other matters related to the registration and issuance;

2. Execute specific matters related to the application for the registration and issuance of the debt financing instruments, including but not limited to preparing, signing, amending, submitting, and implementing agreements, application documents, feedback responses, information disclosure materials, and other legal documents in connection with the issuance;

3. In the event of changes in the policies or requirements of the competent authorities regarding the registration and issuance of debt financing instruments, or changes in market conditions, make appropriate adjustments to matters related to the application for the registration and issuance of the debt financing instruments, or decide whether to proceed with the registration and issuance based on the actual circumstances, except for matters that under applicable laws, regulations, and the Company's articles of association require resolution by the Board;

4. Handle all matters related to the registration, issuance, and listing of the debt financing instruments;

5. Engage intermediaries for the registration and issuance of the debt financing instruments and execute relevant service agreements;

6. Handle other matters related to the registration and issuance of the debt financing instruments;

7. The authorization period shall be from the date of approval by the general meeting until the completion of all matters specified above.

The Company's chief financial officer is proposed to be authorized to approve the use of seals and signing of the underwriting agreements for each issuance under the registered quota and the full set of disclosure documents required for public disclosure.

IV. EGM

The EGM will be held at 2:00 p.m. on Monday, 22 September 2025 at Reporting Hall, Shanghai Electric Training Base, 2748 Pudong Avenue, Shanghai, the PRC.

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 Wednesday, 17 September 2025 to Monday, 22 September 2025 (both days inclusive), during which period no transfer of H Shares will be effected. Holders of H Shares whose names appear on the Company's register of members on Monday, 22 September 2025 are entitled to attend the EGM.

In order to qualify for attending and voting at the EGM, holders of H Shares whose transfers have not been registered must deposit the 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 Tuesday, 16 September 2025, 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 of the resolutions to be proposed at the EGM and thus is required to abstain from voting at the EGM on the resolutions. None of the Directors has a material interest in any of the resolutions to be proposed at the EGM.

IV. RECOMMENDATION

The Directors are of the view that the resolutions contained in this circular are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

V. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, resolutions at the EGM will be taken by way of poll.

Yours faithfully
By Order of the Board
Shanghai Electric Group Company Limited
WU Lei
Chairman of the Board

Shanghai, the PRC

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 an extraordinary general meeting (the "**EGM**") of Shanghai Electric Group Company Limited (the "**Company**") will be held at 2:00 p.m. on Monday, 22 September 2025 at Reporting Hall, Shanghai Electric Training Base, 2748 Pudong Avenue, Shanghai, the PRC for the purpose of considering and, if thought fit, approving the following resolutions:

ORDINARY RESOLUTIONS:

1. To consider and approve the application for a loan guarantee not exceeding EUR 90 million by Shanghai Prime (HK) Investment Management Company Limited.

2. To consider and approve the application of the Company for the registration and issuance of debt financing instruments.

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

Shanghai, the PRC, 1 September 2025

As at the date of this notice, the executive directors of the Company are Dr. WU Lei, Mr. ZHU Zhaokai and Mr. WANG Chenhao; 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. XU Jianxin, Dr. LIU Yunhong and Dr. DU Zhaohui.

* *For identification purpose only*

Notes:

1. The voting at the EGM shall be conducted by way of poll. For details of the resolutions proposed at the EGM for consideration and approval, please refer to the circular of the Company dated 1 September 2025 in respect of the EGM.

2. The holders of A Shares and H Shares will vote as one class of shareholders. The register of members of the H Shares will be closed from Wednesday, 17 September 2025 to Monday, 22 September 2025 (both days inclusive), during which period no transfer of H Shares will be effected. Holders of H Shares whose names appear on the Company's register of members on Monday, 22 September 2025 are entitled to attend the EGM. In order to qualify for attending the EGM, holders of H Shares whose transfers have not been registered must deposit the 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 Tuesday, 16 September 2025. 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 needs not be a Shareholder. Each Shareholder who wishes to appoint one or more proxies should first review the circular of the Company in respect of the EGM.

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 authorising 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 authorisation document (if any) signed by the authorised person or notarially certified power of attorney must be deposited at 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 the 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.