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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)

CONTINUING CONNECTED TRANSACTIONS

Financial Services Framework Agreement

On 30 October 2025, SE Finance, a subsidiary of the Company, entered into the Financial Services Framework Agreement with SEGC to provide SEGC Group with deposit services, loan and bill discounting services and intermediary services.

SEGC is a controlling shareholder holding approximately 43.20% equity interest in the total issued share capital of the Company as at the date of this announcement. Therefore, SEGC is a connected person of the Company as defined under Chapter 14A of the Listing Rules. Given the respective highest applicable percentage ratios for proposed caps for the daily maximum balance of deposit services, loan and bill discounting services under Financial Services Framework Agreement are more than 5% as set out under Chapter 14A of the Listing Rules, these continuing connected transactions are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The highest applicable percentage ratio for the transactions of deposit services, loan and bill discounting services under the Financial Services Framework Agreement is more than 5% but less than 25%, and therefore, such transactions fall under the disclosable transactions as defined in Chapter 14 of the Listing Rules, which are subject to reporting and announcement requirements, but exempt from Shareholders' approval requirement. The respective highest applicable percentage ratio for intermediary business services under the Financial Services Framework Agreement is less than 0.1%, and therefore, such transactions are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Daily Connected Transaction Framework Agreement

On 30 October 2025, the Company entered into the Daily Connected Transaction Framework Agreement with SEGC, and the scope of transaction includes the provision of electrical engineering, mechanical products and other related services to SEGC Group by the Group; the purchase of certain component parts, such as automatic instruments, other mechanical equipment and raw materials, from SEGC Group by the Group; the provision of informationization, professional consultation, entrusted management, house leasing and other services to SEGC Group by the Group; the Group's acceptance of provision of property management, house leasing and training services by SEGC Group; the provision by Shanghai Electric Leasing, a subsidiary of the Company, of financial leasing services to SEGC Group; the provision by Shanghai Electric Factoring, a subsidiary of the Company, of factoring services based on the payment obligations of SEGC Group; and the provision by Shanghai Electric Insurance, a subsidiary of the Company, of insurance services to SEGC Group.

SEGC is a connected person of the Company as defined under Chapter 14A of the Listing Rules. The highest applicable percentage ratio under the Daily Connected Transaction Framework Agreement for financing leasing services provided by Shanghai Electric Leasing, a subsidiary of the Company, to SEGC Group will be less than 0.1%. Therefore, such transaction is fully exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the respective highest applicable percentage ratios for the remaining relevant transactions under the Daily Connected Transaction Framework Agreement are more than 0.1 % but less

than 5% as set out under Chapter 14A of the Listing Rules, these continuing connected transactions are subject to reporting, announcement and annual review requirements as set out in Chapter 14A of the Listing Rules but exempt from Independent Shareholders' approval requirements.

General

The Independent Board Committee, comprising all of the independent non-executive Directors, will be established by the Company to advise the Independent Shareholders in respect of, among others, the continuing connected transactions contemplated under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC Group. The Company will appoint an independent financial adviser to advise the Independent Board Committee and Independent Shareholders on, among other things, the continuing connected transactions contemplated under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC Group.

The Continuing Connected Transactions under the Financial Services Framework Agreement and the Daily Connected Transaction Framework Agreement are subject to the approval of the general meeting of the Company pursuant to the listing rules of the Shanghai Stock Exchange.

Circular

A circular containing a letter from the Board setting out the details of the Continuing Connected Transactions, a letter from the Independent Board Committee and a letter of advice from the independent financial adviser will be despatched to Shareholders. As the Company requires additional time to prepare and finalize certain information for inclusion in the circular, it expects to despatch the circular to Shareholders on or before 20 November 2025.

I. INTRODUCTION

In order to continue and ensure the operation and development of the Company in the future, the Group intends to continue various continuing connected transactions with SEGC Group.

II. Financial Services Framework Agreement

References are made to the announcement of the Company dated 19 October 2022, the circular of the Company dated 15 November 2022 and the poll results announcement of the extraordinary general meeting of the Company dated 2 December 2022, in relation to, among other things, the entering into a financial services framework agreement for the years 2023, 2024 and 2025 between the SE Finance and SEGC. The agreement was approved by the extraordinary general meeting on 2 December 2022 and have been executed continuously. As these agreements will expire on 31 December, 2025, on 30 October 2025, SE Finance entered into an agreement with SEGC for the provision of deposit services, loan and bill discounting services and intermediary business services by SE Finance to SEGC Group, namely the Financial Services Framework Agreement. Based on the forecasted transaction amounts of the financial services, these transactions under deposit services and loan and bill discounting services will comprise the continuing connected transactions subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for the years 2026, 2027 and 2028.

The continuing connected transactions under the Financial Services Framework Agreement are subject to the approval of the general meeting pursuant to the listing rules of the Shanghai Stock Exchange.

Financial Services Framework Agreement Summary

Date of agreement	:	30 October 2025
Parties	:	• SE Finance • SEGC
Subject Matter	:	(1) deposit services SEGC and its associates shall open deposit account in the SE Finance and deposit funds in such account based on the principle of free access to the funds. The deposit can be in the form of current deposit, fixed term deposit, call deposit, agreement deposit or others. (2) loan and bill discounting services In compliance with the relevant PRC's laws and regulations, SE Finance provides SEGC and its associates with loan and bill discount business services according to the business and development needs of SEGC and its associates. (3) intermediary business services In compliance with the relevant PRC's laws and regulations, SE Finance provides SEGC and its associates with intermediary business services, including but not limited to entrusted loan business, letter of guarantee business, foreign exchange business, bill acceptance business, online clearing business and consulting and advisory services business, etc. in accordance with the business and development needs of SEGC and its associates.
Term	:	three years effective from 1 January 2026, renewable at the option of SE Finance for a term of three years by giving notice three months prior to the expiry of the term

According to Rule 14A.52 of the Listing Rules, the term for the agreement must not exceed three years. The Company will re-comply with Chapter 14A of the Listing Rules prior to the Company's exercise of the option to renew the agreements after the three years period for another three years.

The performance of the agreement in relation to these transactions is conditional upon the precedent to obtaining approval at the Company's general meeting and compliance with the Listing Rules and relevant regulations of the place where the Company's shares are listed.

In the event that the aggregate amount of connected transactions may exceed the maximum daily balance of financial business for the year approved by the Company in the general meeting, the parties agree that the Company shall comply with the relevant procedures to apply for a revision of the annual caps of the continuing connected transactions. Before completing the relevant procedures, the parties guarantee that the relevant transactions are limited to the financial business annual caps for that year.

Annual Caps and Basis of Determination

The table below sets out the actual amount of historical maximum balance of deposits, loans and bill discounting and intermediary business services fee of SEGC Group with SE Finance for the years 2023, 2024 and six months ended 30 June 2025, and the proposed annual cap, for the three years ending 31 December 2026, 2027 and 2028, under the Financial Services Framework Agreement:

	Actual amount of maximum daily balance as of 31 December		**Actual amount of maximum daily balance for the six months ended 30 June**	**Proposed caps of maximum daily balance for the year ending 31 December**		
	2023	**2024**	**2025**	**2026**	**2027**	**2028**
	(RMB million）					
Maximum daily balance of deposits of SEGC Group	8,435	8,822	8,554	15,000	15,000	15,000
Maximum daily balance of loans and bill discounting of SEGC Group	9,222	13,390	14,434	18,000	18,000	18,000
	Actual amount of fee revenue for the year ended 31 December		**Actual amount of fee revenue for the six months ended 30 June**	**Proposed caps for fee revenue for the year ending 31 December**		
	2023	**2024**	**2025**	**2026**	**2027**	**2028**
	(RMB million)					
Intermediary business services fee	3	3	0.1	20	20	20

In arriving at the proposed annual caps, the following factors have been considered by the Directors:

Deposit Services

The proposed annual caps for deposit services were determined after considering the factors below:

Based on the business planning and funding situation of SE Finance, SE Finance will increase the deposit centralization scale of SEGC Group. By leveraging the treasury function within the Group, the working capital efficiency is improved and funds are allocated to interbank loans and deposits business which provides higher yields, obtaining additional spread income. The proposed annual caps for deposit services are based on SEGC Group's plan to further increase its deposit concentration in SE Finance, taking into account the potential substantial capital inflow needs of SEGC Group over the next three years, as well as the circumstances of deposit inflows peak from SEGC Group.

Loan and bill discounting services

The proposed annual caps for loan and bill discounting services were determined by reference to the factors below:

Based on the business planning and funding situation of SE Finance, SE Finance will expand the loan and bill discounting service business to SEGC Group, effectively allocating the financial resources and increase the return on capital, which in turn increase the interest income. The proposed annual caps for the loan and bill discounting services are based on SE Finance's understanding of the credit demand of member companies of SEGC Group as well as SE Finance's own sound liquidity. SE Finance has formulated adequate and effective risk assessment and control measures to ensure that the related risks are effectively controlled while increasing the loan business and raising the interest income.

Intermediary Business Services

The proposed annual caps for intermediary business services were determined by reference to the factors below:

SE Finance will continue to strengthen business collaboration with SEGC Group. With the continuous enhancement of its service capabilities, SE Finance will expand into new areas such as entrusted loan business, letter of guarantee business, foreign exchange business, bill acceptance business, online clearing business and consulting and advisory services, so as to provide more diverse financial services to SEGC Group.

Pricing Basis

Subject to SE Finance obtaining the scope of business approved by the former China Banking and Insurance Regulatory Commission (now "National Financial Regulatory Administration" (the "NFRA")), SE Finance will provide financial services business such as deposit services, loan and bill discounting services and intermediary business SEGC Group. The deposit services will be set with reference to the interest rates for similar deposits of the same period published by the People's Bank of China (the "PBOC") from time to time and the deposit interest rates determined by major commercial banks in China. The relevant deposit interest rate will be determined with reference to the client’s credit status and the scale of deposits, among other factors. The corresponding deposit interest paid to the SEGC Group, which is in line with the market interest rate and will be adjusted according to the regulations and requirements of the PBOC on the relevant deposit interest rate. The loan and bill discounting business is based on the loan prime rate published by the National Interbank Funding Center authorized by the PBOC. The relevant loan interest rates will be determined with reference to the quoted market interest rates for loans, the borrower's credit status and the amount of funds available for loans, among other factors. The corresponding loan interest is charged to SEGC Group, which is in line with the market interest rate and will be adjusted from time to time according to the regulations and requirements of the PBOC on the relevant loan interest rate. The intermediary business services fees charged to SEGC Group will be determined with reference to the general commercial market standards and/or the charging prices of similar intermediary business of third-party financial institutions in the same period. The intermediary business services fees charged by SE Finance are in line with the market handling fee rates and will also be adjusted from time to time according to the regulations and requirements of the PBOC, the NFRA, and the National Development and Reform Commission (the "NDRC") on service charges.

Deposit services

Interest rates set by SE Finance for deposits by SEGC Group will be subject to the relevant guidelines and regulations of the PBOC set out on the website of the PBOC. SE Finance will set its interest rates with reference to the relevant savings rates set by the PBOC from time to time as well as the rates set by the major commercial banks in the PRC. The current interest rates offered to SEGC Group by SE Finance in respect of RMB deposits, which range from 0.10% to 2.10% per annum depending on amount and terms of deposits (0.10% for demand deposits, 1.05% to 1.15% for three-month term deposits, 1.10% to 1.55% for six-month term deposits, 1.20% to 1.70% for one-year term deposits, 1.30% to 2.10% for two-year term deposits and 1.00% to 1.725% for agreement deposits) (the "**Current Deposit Interest Rates**"), are with reference to the prevailing interest rates set and updated by the PBOC as at the date of 24 October 2015 and are in line with the market rates and are subject to adjustment as per regulations and requirements of the PBOC on the interest rates. SE Finance will consider the size, term and time of deposits and funding needs of SE Finance at the time of taking deposits for each individual case, and offer interest rates higher than the benchmark rates set by the PBOC if the factors mentioned above are favorable to SE Finance. The Directors considered the higher interest rates than the benchmark rates set by the PBOC is still fair and reasonable based on (i) the deposit interest rates currently offered by SE Finance fall within the range permitted by the PBOC and are substantially consistent with the rates for similar deposits offered by the major commercial banks in the PRC; and (ii) SE Finance applies the same factors above to all kinds of its clients and offers no preferential treatment to members of SEGC Group.

The Company adopts the following procedures to ensure that the pricing basis disclosed above is complied with: (1)the finance department of SE Finance will check the deposit interest rates published by the major commercial banks in the PRC monthly and review the rates offered to SEGC Group by SE Finance accordingly; (2) SE Finance will hold a meeting of the General Manager Office to determine and adjust the interest rates to be offered for deposits, and the General Manager Office will consider (i) relevant laws and regulations released by the PBOC, and (ii) terms offered by the commercial banks in the market; and (3)the audit committee of the Company will review the relevant deposit service between SE Finance and SEGC Group quarterly.

Interest for deposits (other than term deposits) is usually payable by SE Finance to SEGC Group on a quarterly basis. Interest for term deposits is usually payable by SE Finance to SEGC Group on the maturity date.

Loan and bill discounting services

Interest rates set by SE Finance for all loan and bill discounting services provided to SEGC Group will be subject to the relevant guidelines and regulations of the PBOC set out on the website of the PBOC. SE Finance determines the relevant interest rates for loans based on the loan prime rate announced by the National Interbank Funding Center on the 20th of each month (postponed if it falls on a holiday) at 9:15 a.m. Currently, SE Finance provides RMB loans to SEGC Group, the current interest rates of which range from 2.11% to 3.85% per annum (2.11% to 3.85% for term of one year or below, 2.15% to 3.65% for term of one year or above to three years). Such interest rates are in line with the market rates and are subject to adjustment in accordance with the regulations and requirements of the PBOC on the relevant loan rates from time to time.

Similar to the major commercial banks on the market, SE Finance sets different loan interest rates for different customers after considering major factors including the PBOC benchmark interest rates for each type of loans, the loan prime rate, the credit status of the customer and the amount of funds available for loans. In the meantime, SE Finance also makes reference to the loan interest rates obtained by members of SEGC Group from the commercial banks in the market before determining the loan interest rate applicable to members of SEGC Group. SE Finance will also make reference to the interest rates of the loan agreements entered into between members of SEGC Group and the major commercial banks, so as to ensure that the interest rates of the loans provided by SE Finance are not lower than those provided by other commercial banks. SE Finance has been informed that certain commercial banks offer interest rates to members of the SE Group that are lower than the loan prime rate, and even lower than the minimum interest rate offered by SE Finance. The relevant interest rates provided by SE Finance to members of the SEGC Group (including rates below the loan prime rate) are fair and reasonable and determined under normal commercial terms.

The Company adopts the following procedures to ensure that the pricing basis disclosed above is complied with: (1) the amount of the total facilities for loan and bill discounting to SEGC Group and the relevant terms will be reviewed and approved by the credit approval committee (comprising five members, including the deputy head and manager of the finance department, the deputy head and senior legal manager of the risk compliance department, and the deputy head of the financial settlement department, with the deputy head of the finance department as the chairperson) of SE Finance; (2) each grant of loan to SEGC Group will be approved by the senior management (generally comprising the general manager of the finance company, the chairperson of the credit approval committee of the finance company and one other committee member) of SE Finance; and (3) the audit committee of the Company will review the loan and bill discounting services between SE Finance and SEGC Group on a quarterly basis. There are no common directors between the Company and SEGC Group which would be involved in reviewing and approving the loan services including the loan terms.

Interest for loans provided to SEGC Group will usually be charged by SE Finance on a quarterly basis.

Intermediary business services

The handling fees set by SE Finance for SEGC Group's intermediary business services will be subject to the relevant guidelines and regulations of the PBOC and the NDRC as published on the websites of the PBOC, CBIRC and NDRC. SE Finance charges SEGC Group for intermediary business services with reference to the normal commercial market rates and/or the rates charged by third party financial institutions for similar intermediary business for the same period.

The intermediary business provided by SE Finance mainly includes entrusted loan business, letter of guarantee business, foreign exchange business, bill acceptance business, online clearing business and consulting and advisory business. Currently, the guidance price for the entrusted loan business and the letter of guarantee business provided by SE Finance are no less than 0.1% per annum; the guidance price for foreign exchange business is calculated by applying the cost-plus principle on the basis of the market flat rate to arrive at the client's settlement price; the guidance price for bill acceptance business is 5/10,000 of the par value of drafts; the guidance price for online clearing business is based on the actual amount advanced by SE Finance or with reference to the contractual agreement; the guidance price for consulting and advisory services are based on the average daily labor cost of SE Finance and the length of time spent on projects, and is charged according to the contractual requirements by project type. The intermediary business services fees of SE Finance align with prevailing market rates and are subject to adjustments from time to time in accordance with service fee regulations and requirements issued by the PBOC, the NFRA, and the NDRC.

Reasons and benefits for entering into the Financial Services Framework Agreement

By providing deposit services to SEGC Group, SE Finance is able to pool the deposits of SEGC Group, improve the efficiency of capital operations by leveraging the treasury function within the Group and allocate the capital to higher yielding loans and deposits in the interbank business, which can provide additional carry income to SE Finance. The interest rates on deposits offered by SE Finance to SEGC Group are in line with the interest rate policy promulgated by the PBOC from time to time and the transaction is in the interest of the Company and the shareholders as a whole.

As the Group's centralized capital management platform, in order to effectively utilize SE Finance's liquidity and deploy financial resources more efficiently, SE Finance provides loans and bill discounting services to SEGC Group on a priority basis to meet the credit needs of the Group, thereby enhancing the return on capital and thereby increasing SE Finance's interest income. The interest rates on loans and bill discounting provided by SE Finance to SEGC Group are in line with the interest rate policy promulgated by the PBOC from time to time and the transaction is in the interest of the Company and the Shareholders as a whole.

The intermediary business services provided by SE Finance mainly include entrusted loan business, letter of guarantee business, foreign exchange business, bill acceptance business, online clearing business and consulting

and advisory business, etc. The provision of intermediary business services by SE Finance to SEGC Group will be beneficial to SE Finance in enhancing its financial services capabilities and increasing SE Finance's revenue. SE Finance charges SEGC Group for intermediary business services with reference to the normal commercial market rates and/or the rates charged by third party financial institutions for similar intermediary business for the same period. Such arrangements will not prejudice the interests of the Company or its minority shareholders, and the transaction is in the interest of the Company and the Shareholders as a whole.

III. Daily Connected Transaction Framework Agreement

On 30 October 2025, the Company entered into the Daily Connected Transaction Framework Agreement with SEGC, and the scope of transaction includes the provision of electrical engineering, mechanical products and other related services to SEGC Group by the Group; the purchase of certain component parts, such as automatic instruments, other mechanical equipment and raw materials from SEGC Group by the Group; the provision of informationization, professional consultation, entrusted management, house leasing and other services to SEGC Group by the Group; the Group's acceptance of provision of property management, house leasing and training services by SEGC Group; the provision by Shanghai Electric Leasing, a subsidiary of the Company, of financial leasing services to SEGC Group; the provision by Shanghai Electric Factoring, a subsidiary of the Company, of factoring services based on the payment obligations of SEGC Group; and the provision by Shanghai Electric Insurance, a subsidiary of the Company, of insurance services to SEGC Group.

SEGC is a connected person of the Company as defined under Chapter 14A of the Listing Rules. The highest applicable percentage ratio under the Daily Connected Transaction Framework Agreement for financing leasing services provided by Shanghai Electric Leasing, a subsidiary of the Company, to SEGC Group will be less than 0.1%. Therefore, such transaction is fully exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the respective highest applicable percentage ratios for the remaining relevant transactions under the Daily Connected Transaction Framework Agreement are more than 0.1 % but less than 5% as set out under Chapter 14A of the Listing Rules, these continuing connected transactions are subject to reporting, announcement and annual review requirements as set out in Chapter 14A of the Listing Rules but exempt from Independent Shareholders' approval requirements.

The continuing connected transactions under the Daily Connected Transaction Framework Agreement are subject to the approval of the general meeting pursuant to the listing rules of the Shanghai Stock Exchange.

1. Summary of the Daily Connected Transaction Framework Agreement

Date of agreement	:	30 October 2025
Parties	:	• the Company • SEGC
Subject Matter	:	the provision of electrical engineering, mechanical products and other related services to SEGC Group by the Group; the purchase of certain component parts, such as automatic instruments, other mechanical equipment and raw materials, from SEGC Group by the Group; the provision of informationization, professional consultation, entrusted management, house leasing and other services to SEGC Group by the Group; the Group's acceptance of provision of property management, house leasing, training services and other service by SEGC Group; the provision by Shanghai Electric Leasing, a subsidiary of the Company, of financial leasing services to SEGC Group; the provision by Shanghai Electric Factoring, a subsidiary of the Company, of factoring services based on the payment obligations of SEGC Group, including offering factoring services to SEGC Group and its supply chain enterprises;

		and the provision by Shanghai Electric Insurance, a subsidiary of the Company, of insurance services to SEGC Group. Specifically, SEGC Group purchases commercial insurance from a commercial insurance company, and Shanghai Electric Insurance participates in reinsurance underwriting by obtaining reinsurance cessions from the ultimate underwriting commercial insurance company in accordance with its reinsurance ceding policy, thereby indirectly providing insurance services to SEGC Group.
Term	:	three years effective from 1 January 2026, renewable at the option of the Company for a term of three years by giving notice three months prior to the expiry of the term

According to Rule 14A.52 of the Listing Rules, the term for the agreement must not exceed three years. In the event that the Group decides to continue with the relevant transactions with SEGC after the expiry of the term of the Agreement, the Company will re-comply with Chapter 14A of the Listing Rules.

Annual caps and basis of determination

The table below sets out the historical amounts of the transactions under the Group's Daily Connected Transaction Framework Agreement with SEGC Group for the year 2023, 2024 and the six months ended 30 June 2025 and the proposed annual caps for the three years ending 31 December 2026, 2027 and 2028 under the Daily Connected Transaction Framework Agreement:

	Historical amount for the year ended 31 December		**Historical amount for the period ended 30 June**	**Proposed annual caps for the year ending 31 December**		
	2023	**2024**	**2025**	**2026**	**2027**	**2028**
			（RMB million）			
Sales to SEGC Group	448	461	130	700	700	700
Purchases from SEGC Group	241	175	45	900	900	900
Total amount of comprehensive services provided to SEGC Group	214	268	98	400	400	400
Amount of comprehensive services received from SEGC Group	20	45	5	200	200	200

Provision of financial leasing services to SEGC Group	NA	NA	NA	100	100	100
Provision of factoring services based on the payment obligations of SEGC Group	NA	NA	NA	500	700	1,000
Provision of insurance services to SEGC Group	NA	NA	NA	120	150	180

The proposed annual caps for the three years ending 31 December 2026, 2027 and 2028 were determined with reference to the following:

1. The proposed annual cap for sales to SEGC Group is determined based on the historical business relationship and development plans between the Group and SEGC Group, as well as the anticipated product demand across SEGC Group's relevant business segments;
2. The proposed annual cap for purchase amount from SEGC Group is determined based on the Group's business development plan and the anticipated product demand across the Group's relevant business segments;
3. The proposed annual cap for the total amount of comprehensive services provided to SEGC Group is determined based on business development plans of the Group, as well as the anticipated service requirements of SEGC Group's relevant business segments;
4. The proposed annual cap for the total amount of comprehensive services received from SEGC Group is determined based on the Group's business development plans and the anticipated service requirements of the relevant business segments of the Group;
5. The proposed annual cap for the provision of financial leasing services to SEGC Group is determined based on the business development plans of the Group, as well as the anticipated service demand across relevant business segments of SEGC Group;
6. The proposed annual cap for the provision of factoring services based on the payment obligations of SEGC Group is determined based on the business development plans of the Group, as well as the anticipated service demand across SEGC Group's relevant business segments;
7. The proposed annual cap for the provision of insurance services to SEGC Group is determined based on the business development plans the Group, as well as the anticipated service demand across SEGC Group's relevant business segments.

Pricing Basis

The pricing of various services for the transactions covered under the Daily Connected Transactions Framework Agreement shall be determined in accordance with the following general principles and order:

1. Products and services sold to SEGC Group: where there is government (including local government) prescribed price, such price shall apply; where there is no such government prescribed price, the price shall fall within the government-guided price range; where there is no such government-guided prices, the prices shall be determined by referencing the selling prices of the same or similar products and services between the Group and independent third-party customers from time to time. To ensure that the selling prices are fair and reasonable, the Group will compare the prices offered by SEGC Group with those between the Group and independent third-party customers who require the same or similar products and services. The Group will only sell to SEGC Group if the price is no less favorable than that offered to independent third-party customers;

2. Products and services purchased from SEGC Group: where there is government (including local government) prescribed price, such price shall apply; where there is no such government prescribed price, the price shall fall within the government-guided price range; where there is no such government-guided prices, the price shall be determined by referencing the prevailing market price of same or similar products and services offered by independent third-party sellers from time to time. To ensure that the prices are fair, reasonable, and consistent with the prevailing market, the Group will obtain quotations from independent third-party sellers (at least two in principle) who provide the same or similar products and services. These quotations will be compared with those of SEGC Group, and the Group will only accept SEGC Group's quotations if they are no less favorable than those of independent third-party sellers.

3. Providing comprehensive services to SEGC Group: where there is government (including local government) prescribed price, such price shall apply; where there is no such government prescribed price, the price shall fall within the government-guided price range; where there is no such government-guided prices, the price shall be determined by referencing the prices of identical or similar services that the Group provides to independent third-party customers from time to time. To ensure that the prices offered are fair and reasonable, the Group will compare the prices offered by SEGC Group with those between the Group and independent third-party customers who require the same or similar products and services. The Group will only provide services to SEGC Group if the price offered by SEGC Group is no less favorable than the price between the Group and independent third-party customers.

4. Accepting comprehensive services from SEGC Group: where there is government (including local government) prescribed price, such price shall apply; where there is no such government prescribed price, the price shall fall within the government-guided price range; where there is no such government-guided prices, the price shall be determined by referencing the prevailing market price of same or similar products and services offered by independent third-party sellers from time to time. To ensure that the prices are fair, reasonable, and consistent with the prevailing market, the Group will obtain quotations from independent third-party sellers (at least two in principle) who provide the same or similar products and services. These quotations will be compared with those of SEGC Group, and the Group will only accept SEGC Group's quotations if they are no less favorable than those of independent third-party sellers.

5. Providing financial leasing services to SEGC Group: Shanghai Electric Leasing primarily considers factors such as the PBOC's benchmark loan interest rate, lease term, and lessee's credit evaluation, while also referencing the general commercial market level and/or quotations from third-party financial institutions for similar clients and transactions to determine the service fee rate. Repayment terms for financial leasing services are governed by the financial lease contract between Shanghai Electric Leasing and the lessee, and shall be determined through friendly negotiation based on business circumstances. To ensure that the prices offered are fair and reasonable, the Group will compare the prices offered by SEGC Group with those between the Group and independent third-party customers who require the same or similar products and services. The Group will only provide services to SEGC Group if the price offered by SEGC Group is no less favorable than the price between the Group and independent third-party customers.

6. Providing factoring services based on the payment obligations of SEGC Group: Shanghai Electric Factoring determines the interest rate for factoring services by considering the market prices of financial institutions' bank bill discounts, commercial bill guarantees, electronic creditor rights certificate factoring, and loan businesses. This determination also takes into account key factors such as the credit status of the borrowing enterprise, its accessible

market financing costs, and the own capital costs of Shanghai Electric Factoring. To ensure that the prices offered are fair and reasonable, Shanghai Electric Factoring will reference prevailing commercial market rates and/or interest rates for similar factoring services offered by third-party financial institutions. The minimum interest rate shall be the income on government bonds with the same maturity period, while the maximum interest rate shall not exceed 150 basis points above the loan prime rate for the corresponding period as published by the National Interbank Funding Center; and

7. Providing insurance services to SEGC Group: Shanghai Electric Insurance determines whether to underwrite and the underwriting proportion based on the historical claims, corporate risks, and rate conditions of the ultimately insured business. To ensure that the prices offered are fair and reasonable, it will reference general commercial market level and/or comparable business types from third-party institutions, negotiating reinsurance commissions with the final commercial insurance underwriter.

Both parties agree that if significant market changes affect the cost price of products/services, they shall, while adhering to the established pricing principles, negotiate to amend the relevant provisions of this agreement or terminate it and enter into a new agreement.

REASONS AND BENEFITS FOR ENTERING INTO THE DAILY CONNECTED TRANSACTION FRAMEWORK AGREEMENT

The Group has a long-established business relationship with SEGC Group and has been supplying power engineering projects, electromechanical products, and related services to SEGC Group over the years. The Group is familiar with the product requirements of SEGC Group and is able to provide customized products in a cost-effective manner. Furthermore, the prices and payment terms of the products supplied by the Group to SEGC Group are fair and reasonable.

The Group has a long-established business relationship with SEGC Group and has been purchasing certain components such as automatic instruments, other mechanical equipment and raw materials from SEGC Group over the years. SEGC Group can promptly provide products to meet the needs of the Group, and the prices and payment terms offered by SEGC Group for the products are fair and reasonable.

The Group provides SEGC Group with comprehensive services including but not limited to informatization, professional consultation, entrusted management, and house leasing. The Group receives reasonable compensation for providing these required services to SEGC Group, and the service prices and payment terms offered by the Group to SEGC Group are fair and reasonable.

The Group receives comprehensive services from SEGC Group, including but not limited to property management, housing leasing, and training services, to meet the Group's normal production and operational needs. The service prices charged by SEGC Group and payment terms are fair and reasonable.

Shanghai Electric Leasing, a subsidiary of the Company, provides financial leasing services to SEGC Group, thereby generating revenue from leasing operations. Financial leasing services are based on project risk, customer credit status, and market competition, taking into account industry market pricing, to establish fair and reasonable service rates. The service terms and pricing comply with standard commercial practices.

Shanghai Electric Factoring, a subsidiary of the Company, will generate factoring business revenue by providing factoring services based on the payment obligations of SEGC Group. The pricing of factoring services is determined based on the market prices of financial institutions' bank bill discounts, commercial bill guarantees, electronic creditor rights certificate factoring services, and loan businesses. This determination also takes into account key factors such as the credit status of the borrowing enterprise, its accessible market financing costs, and the own capital costs of Shanghai Electric Factoring. The service terms and pricing comply with standard commercial practices.

Shanghai Electric Insurance, a subsidiary of the Company, is a captive insurance company established in Hong Kong with the approval of the Hong Kong Insurance Authority. Its business scope includes providing property, engineering, liability, group health, and other insurance services to SEGC Group. By participating in reinsurance underwriting, Shanghai Electric Insurance indirectly provides insurance services to SEGC Group and will receive premium income. The reinsurance fee will be negotiated with the final underwriting commercial insurance company based on general market level and/or comparable third-party business operations, ensuring service conditions and pricing are aligned with standard commercial terms.

In summary, the aforementioned daily connected transactions between the Company and SEGC Group are necessary for the Company's production and operations, comply with normal commercial terms and fair principles, and are conducted based on the framework agreement and related specific transaction agreements. The transaction terms and pricing are fair, and there is no detriment to the interests of the Company or its shareholders. The Company's main business revenue and profits are not dependent on the aforementioned daily connected transactions; these transactions will not affect the company's ability to continue operations or its independence.

IV. LISTING RULES IMPLICATIONS

SEGC is a controlling shareholder holding approximately 43.20% equity interest in the total issued share capital of the Company as at the date of this announcement. Therefore, SEGC is a connected person of the Company as defined under Chapter 14A of the Listing Rules. Given the respective highest applicable percentage ratios for proposed caps for the daily maximum balance of deposit services, loan and bill discounting services under Financial Services Framework Agreement are more than 5% as set out under Chapter 14A of the Listing Rules, these continuing connected transactions are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The highest applicable percentage ratio for the transactions of deposit services, loan and bill discounting services under the Financial Services Framework Agreement is more than 5% but less than 25%, and therefore, such transactions fall under the disclosable transactions as defined in Chapter 14 of the Listing Rules, which are subject to reporting and announcement requirements, but exempt from Shareholders' approval requirements. The respective highest applicable percentage ratio for intermediary business services under the Financial Services Framework Agreement is less than 0.1%, and therefore, such transactions are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SEGC is a connected person of the Company as defined under Chapter 14A of the Listing Rules. The highest applicable percentage ratio under the Daily Connected Transaction Framework Agreement for financing leasing services provided by Shanghai Electric Leasing, a subsidiary of the Company, to SEGC Group will be less than 0.1%. Therefore, such transaction is fully exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the respective highest applicable percentage ratios for the remaining relevant transactions under the Daily Connected Transaction Framework Agreement are more than 0.1 % but less than 5% as set out under Chapter 14A of the Listing Rules, these continuing connected transactions are subject to reporting, announcement and annual review requirements as set out in Chapter 14A of the Listing Rules but exempted from Independent Shareholders' approval requirements.

V. OPINIONS OF THE BOARD OF DIRECTORS

Dr. Wu Lei, Mr. Zhu Zhaokai and Mr. Wang Chenhao, all being Directors of the Company, hold positions at SEGC and thus have material interests in the Continuing Connected Transactions of Financial Services and Daily Connected Transactions. They have therefore abstained from voting on the relevant board resolutions approving such matters. Other than as disclosed above, none of the other Directors has material interests in these transactions.

The Directors (including the independent non-executive directors) are of the opinion that the Continuing Connected Transactions are entered into after arm's length negotiations, are on normal commercial terms and conducted in the ordinary and usual course of business and the terms and respective annual caps of the Continuing Connected Transactions are fair and reasonable, no less favorable than other third party providers to the Company or appropriate mechanisms provided by the Company to third parties, and are in the interests of the Company and its Shareholders as a whole.

VI. GENERAL INFORMATION

The Group is one of the largest industrial equipment manufacturing conglomerates in China engaged in the following principal activities: (i) the energy equipment segment: including design, manufacture and sales of nuclear power equipment, energy storage equipment, coal-fired power generation and corollary equipment, gas-fired power generation equipment, wind power equipment, hydrogen energy equipment, photovoltaic equipment, high-end vessels for chemical industry as well as providing power grid and industrial intelligent power supply system solutions; (ii) the industrial equipment segment: including design, manufacture and sales of elevators, large and medium-size electric motors, intelligent manufacturing equipment, industrial basic parts and construction industrialization equipment; and (iii) the integrated services segment: including providing energy, environmental protection and automation engineering and services, covering traditional and new energy, comprehensive use of solid wastes, sewage treatment, flue gas treatment, rail transit, etc.; providing industrial internet services; providing financial services, covering financing leases, factoring, asset management, insurance brokerage, etc.; providing park and property management services mainly based on industrial real estate, etc. The ultimate beneficial owner of the Group is Shanghai State-owned Assets Supervision and Administration Commission.

SE Finance is a subsidiary of the Company in which the Company holds 90.25% equity interest as at the date of this announcement. SEGC holds 9.75% equity interest in SE Finance as at the date of this announcement. SE Finance was set up in 1995 pursuant to the approval granted by PBOC under "The Regulations Governing Finance Companies of Conglomerates" to provide financial services to the Group and SEGC Group. SE Finance has obtained all approvals, permits and licenses necessary for its operations. Currently, the governing body for financial companies in the PRC (including SE Finance) is the NFRA. Under the relevant PRC regulations, SE Finance, as a non-bank finance institution, is allowed to provide treasury services to, in addition to the Group, SEGC and companies where SEGC holds at least 20% shareholding or in which SEGC has a control.

Shanghai Electric Leasing is a wholly-owned subsidiary of the Company in which the Company holds 100% equity interest as of the date of this announcement. Shanghai Electric Leasing was established in 2005 with joint approval from the Ministry of Commerce and the State Taxation Administration of the PRC to provide financial leasing services to both internal and external enterprises within the Group. Shanghai Electric Leasing has obtained all necessary approvals, permits, and licenses required for its operations. Currently, the governing body for financial leasing companies in the PRC (including Shanghai Electric Leasing) is the NFRA. Pursuant to relevant regulatory requirements in China, Shanghai Electric Leasing is a specialized financial leasing enterprise authorized to provide financial leasing services to enterprises that have been assessed and approved.

Shanghai Electric Factoring is a subsidiary of the Company in which the Company holds 100% equity interest as of the date of this announcement. Shanghai Electric Factoring was established in 2016 to provide factoring services to the Group's enterprises and their supply chain enterprises. Shanghai Electric Factoring has obtained all necessary approvals, permits, and licenses required for its operations. The current governing body for Shanghai Electric Factoring is the Shanghai Municipal Financial Regulatory Bureau. Pursuant to relevant regulatory requirements in China, Shanghai Electric Factoring is permitted to engage in commercial factoring business, customer credit investigation and assessment, and consulting services related to commercial factoring.

Shanghai Electric Insurance is a subsidiary of the Company in which the Company holds 100% equity interest as of the date of this announcement. Shanghai Electric Insurance was established in 2018 with the approval of the Hong Kong Insurance Authority under the "GL5 Guideline on Application for Authorization to Carry on Insurance Business in or from Hong Kong," providing insurance services to the Group and the SEGC Group. Shanghai Electric Insurance has obtained all necessary approvals, permits, and licenses required for its operations. The governing body for insurance companies in Hong Kong, PRC (including Shanghai Electric Insurance) is the Hong Kong Insurance Authority. Pursuant to the relevant regulatory requirements of the insurance industry in Hong Kong, PRC, Shanghai Electric Insurance is a captive insurance company. Save for the Group, it may also provide insurance services to SEGC and companies in which SEGC holds an equity interest of not less than 20% or which are controlled by SEGC.

The Independent Board Committee, comprising all of the independent non-executive Directors, will be established

by the Company to advise the Independent Shareholders in respect of, among others, continuing connected transactions contemplated under the Financial Services Framework Agreements regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC Group. The Company will appoint an independent financial adviser to advise the Independent Board Committee and Independent Shareholders on, among other things, continuing connected transactions contemplated under the Financial Services Framework Agreements regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC Group.

The Continuing Connected Transactions under the Financial Services Framework Agreement and the Continuing Connected Transactions under the Daily Connected Transaction Framework Agreement are subject to review and consideration by the general meeting pursuant to the listing rules of the Shanghai Stock Exchange.

A circular containing, a letter from the Board setting out the details of the Continuing Connected Transactions, a letter from the Independent Board Committee and a letter of advice from the independent financial adviser will be despatched to Shareholders. As the Company requires additional time to prepare and finalize certain information for inclusion in the circular, it expects to despatch the circular to Shareholders on or before 20 November 2025.

DEFINITIONS

In this Announcement, unless the context otherwise requires, the following terms have the following meanings:

"associate(s)"	has the meaning ascribed thereto under the Listing Rules;
"Board"	the board of Directors;
"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;
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules;
"Connected Transaction(s)"	the continuing connected transactions between the Group and SEGC, further details of which are set out in the sections headed "II. Financial Services Framework Agreement" and "III. Daily Connected Transaction Framework Agreement" in this announcement;
"Continuing Connected Transactions of Financial Services"	the continuing connected transactions between the Group and SEGC，further details of which are set out in the sections headed "II. Financial Services Framework Agreement";
"controlling shareholder"	has the meaning ascribed to it by the Listing Rules;
"Director(s)"	the directors of the Company;
"Financial Services Framework Agreement"	the agreement between SE Finance and SEGC dated 30 October 2025 for provision of deposit services, loan and bill discounting services and intermediary business services;

"Group"	the Company and its subsidiaries from time to time;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Independent Board Committee"	the independent board committee comprising all the independent non-executive Directors, namely, Dr. XU Jianxin, Dr. LIU Yunhong and Dr. DU Zhaohui formed to consider, among others, the terms of the Continuing Connected Transactions of Financial Services;
"Independent Non-executive Director"	the independent non-executive directors of the Company;
"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 announcement only, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;
"RMB"	Renminbi, the lawful currency of the PRC;
"SE Finance"	Shanghai Electric Group Finance Co., Ltd. (上海電氣集團財務有限責任公司), a subsidiary of the Company owned as to 90.25% as at the date of this announcement and a limited company incorporated in the PRC;
"SEGC"	Shanghai Electric Holding Group Co., Ltd., the controlling shareholder of the Company (as defined in the Listing Rules) holding 43.20% equity interest in the total issued share capital of the Company as at the date of this announcement;
"SEGC Group"	SEGC and its subsidiaries and associates, but excluding the Group;
"Shanghai Electric Leasing"	Shanghai Electric Leasing Co., Ltd. (上海電氣融資租賃有限公司), a subsidiary of the Company owned as to 100% as at the date of this announcement and a limited company incorporated in the PRC;
"Shanghai Electric Factoring"	Shanghai Electric Factoring Co., Ltd. (上海電氣商業保理有限公司), a subsidiary of the Company owned as to 100% as at the date of this announcement and a limited company incorporated in the PRC;
"Shanghai Electric Insurance"	Shanghai Electric Insurance Co., Ltd. (上海電氣保險有限公司), a subsidiary of the Company owned as to 100% as at the date of this announcement and a limited company incorporated in Hong Kong, PRC;
"Shareholder(s)"	the shareholder(s) of the Company, including holder(s) of both A share(s) and H share(s) of the Company;
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules; and

"%"	percent.

By order of the Board
Shanghai Electric Group Company Limited
HU Xupeng
Joint Company Secretary

Shanghai, the PRC, 30 October 2025

As at the date of this announcement, 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*