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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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 AND DISCLOSABLE TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT
CONTINUING CONNECTED TRANSACTIONS UNDER THE DAILY CONNECTED TRANSACTION FRAMEWORK AGREEMENT
PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
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 27 of this circular.

A notice convening the EGM of the Company to be held at 2:00 p.m. on Monday, 15 December 2025 at Reporting Hall, 2/F, Block A, No. 212, Qinjiang Road, Shanghai, the PRC is set out on pages 46 to 47 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 Monday, 24 November 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.

24 November 2025

* *For identification purposes only*

CONTENTS

Page

Definitions ii

Letter from the Board 1

Letter from the Independent Board Committee 28

Letter from the Independent financial adviser 30

Notice of Extraordinary General Meeting 46

APPENDIX – General Information 48

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;
"associate(s)"	has the meaning ascribed thereto under the Listing Rules;
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules;
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules;
"Daily Connected Transaction Framework Agreement"	the daily connected transaction framework agreement entered into between the Company and SEGC on 30 October 2025, with the scope of transaction including 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 electrical engineering, mechanical products and other related services to 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;

"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, 15 December 2025 at Reporting Hall, 2/F, Block A, No. 212, Qinjiang Road, Shanghai, the PRC;
"Financial Services Framework Agreement"	the financial services framework agreement entered into between SEGC Group and SE Finance on 30 October 2025, pursuant to which, SE Finance agreed to provide SEGC with deposit services, loan and bill discounting services and intermediary services;
"Group"	the Company and its subsidiaries from time to time;
"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;
"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, to be established by the Company to advise the Independent Shareholders on the continuing connected transactions under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC;
"Independent Financial Adviser"	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC;

"Independent Non-executive Director"	the independent non-executive directors of the Company;
"Independent Shareholders"	shareholders other than SEGC and its associates;
Independent Third Party(ies)"	person(s) or company(ies) who/which, to the best of the Directors' knowledge, information and belief, are not the connected person(s) of the Company;
"Latest Practicable Date"	21 November 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
"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;
"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 Latest Practicable Date 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), directly and indirectly holding 43.20% equity interest in the total issued share capital of the Company as at the Latest Practicable Date;
"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 circular 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 circular 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 circular and a limited company incorporated in Hong Kong, PRC;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"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);
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules;
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules; 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

24 November 2025

To the Shareholders

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS AND DISCLOSABLE TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT
CONTINUING CONNECTED TRANSACTIONS UNDER THE DAILY CONNECTED TRANSACTION FRAMEWORK AGREEMENT
PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated 30 October 2025, in relation to the continuing connected transactions under the Financial Services Framework Agreement and the continuing connected transactions under the Daily Connected Transaction Framework Agreement.

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 for Shareholders to consider and approve, among other things, (i) the continuing connected transactions and proposed annual caps under the Financial Services Framework Agreement; (ii) the continuing connected transactions and proposed annual caps under the Daily Connected Transaction Framework Agreement; and (iii) the proposed appointment of Independent Non-executive Director.

II. CONTINUING CONNECTED TRANSACTIONS AND PROPOSED ANNUAL CAPS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

1. Introduction

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 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.

2. 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.

(1) Annual Caps and Basis of Determination

The table below sets out the actual amount of maximum daily balance of deposits, loans and bill discounting and intermediary business services fee of SEGC Group with SE Finance for the years ended 31 December 2023 and 2024 and for the six months ended 30 June 2025, the annual caps for the years 2023, 2024 and 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	Caps of maximum daily balance for the year ended/ending 31 December			Proposed caps of maximum daily balance for the year ending 31 December		
	2023	2024	2025	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	15,000	15,000	15,000
Maximum daily balance of loans and bill discounting of SEGC Group	9,222	13,390	14,434	15,000	15,000	15,000	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	Caps for fee revenue for the year ended/ending 31 December				Proposed caps for fee revenue for the year ending 31 December	
	2023	2024	2025	2023	2024	2025	2026	2027	2028
	(RMB million)								
Intermediary business services fee	3	3	0.1	20	20	20	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.

(2) 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 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 People's Bank of China (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 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 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 deposit interest rates offered by SE Finance to SEGC Group are, during the same period, no more favourable than those offered by comparable Independent Third Parties to SEGC Group. The Directors considered the interest rates are 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 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 at least two 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. SE Finance makes reference to the intermediary business services rates obtained by members of SEGC Group from at least two commercial banks in the market before determining the services rates applicable to members of SEGC Group. 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.

(3) Reasons and benefits for entering into the Financial Services Framework Agreement

SE Finance is a subsidiary of the Company, has been designated as the only financial company entity that shall provide the relevant financial services to the Group and the SEGC Group pursuant to the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》). Neither the Group nor the SEGC Group has held or holds any other financial company that is qualified to provide financial services regulated by the Measures. The Company and SEGC Group have established a cooperative business relationship.

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 deposit and loan businesses conducted by SE Finance are supervised by the NFRA and strictly comply with all regulatory requirements. For deposit business, SE Finance leverages its role as the Group's treasury platform to ensure that funds deposited by the Company and its subsidiaries are prioritized to meet the Group's credit business needs. For credit business, stringent internal controls are enforced throughout pre-loan investigation, loan review, and post-loan monitoring, including measures such

as a collective credit review committee system prior to lending, strict fulfillment of all necessary conditions before loan disbursement, post-loan inspections conducted monthly or quarterly (frequency determined based on client risk profiles), and a five-category credit asset classification system. As of the date of this circular, SE Finance's non-performing loan balance stood at zero.

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.

3. 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 circular. 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 maximum daily 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.

4. 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. 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.

5. 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.

As at the date of this circular, SEGC is the controlling shareholder of the Company, directly and indirectly holding approximately 43.20% equity interests in the total issued share capital of the Company. The principal business of SEGC is the management of state-owned assets and investment activities. SEGC is an enterprise wholly owned by the Shanghai State-owned Assets Supervision and Administration Commission and one of the largest comprehensive equipment manufacturing groups in China.

SE Finance is a subsidiary of the Company in which the Company holds 90.25% equity interest as at the date of this circular. SEGC holds 9.75% equity interest in SE Finance as at the date of this circular. 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.

The Independent Board Committee, comprising all of the Independent Non-executive Directors, has been established by the Company to advise the Independent Shareholders in respect of, among others, the 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 the SEGC Group. The Company has appointed 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 Agreements regarding the provision of deposit services and loan and bill discounting services by SE Finance to the SEGC Group.

III. CONTINUING CONNECTED TRANSACTIONS AND PROPOSED ANNUAL CAPS UNDER THE DAILY CONNECTED TRANSACTION FRAMEWORK AGREEMENT

1. Introduction

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.

2. 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.

(1) 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
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 caps for sale amount to SEGC Group is determined based on the historical business relationship and development plans between the Group and SEGC Group, the business development plans of the Group's industrial segments, and the anticipated product demand across SEGC Group's relevant business segments;

2. The proposed annual caps 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, which is expected to increase significantly compared to historical transaction amount;

3. The proposed annual cap for the amount of comprehensive services provided to SEGC Group is determined based on the historical scale and scope of comprehensive services provided to SEGC Group, the 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 amount of comprehensive services received from SEGC Group is determined based on the historical scale and scope of comprehensive services received from SEGC Group, 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. In determining the proposed annual cap, Shanghai Electric Leasing and SEGC Group have taken into account the selection of suitable projects. Based on the current negotiations, both parties will cooperate on financial leasing projects that have relatively clear and predictable cash flows, stable repayment sources and controllable risks;

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 Shanghai Electric Factoring, as well as the anticipated service demand across SEGC Group's relevant business segments. In determining the proposed annual cap, Shanghai Electric Factoring has conducted on-site visits and research on SEGC Group to understand its current business operations, future strategic development plans and factoring business needs;

7. The proposed annual cap for the provision of insurance services to SEGC Group is determined based on the business development plans of Shanghai Electric Insurance, as well as the anticipated service demand across SEGC Group's relevant business segments. In determining the proposed annual cap, Shanghai Electric Insurance and SEGC Group have taken into account the nature of the businesses when selecting suitable projects, focusing on those with diversified risks and lower compensation limits, as well as overseas asset-related businesses with higher reinsurance needs, to ensure effective risk control and alignment with both parties' development plans.

(2) 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. Shanghai Electric Leasing will only provide services to SEGC Group if the price offered by SEGC Group is no less favorable than the price between the Shanghai Electric Leasing 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 in any event, pricing offered by Shanghai Electric Factoring shall not be lower than its comprehensive funding cost; 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. Shanghai Electric Insurance will only provide services to SEGC Group if the prices offered are no more favorable than those offered by Independent Third-Party insurers to SEGC Group.

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.

(3) 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.

3. Listing Rules Implications

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.

4. 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 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.

5. General Information

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 circular. 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 circular. 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 circular. 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.

For details of the Group and SEGC, please refer to the "II. Continuing Connected Transactions and Proposed Annual Caps Under the Financial Services Framework Agreement – General Information" in this circular.

IV. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 30 October 2025 in relation to the proposed appointment of Dr. CHEN Xinyuan ("**Dr. CHEN**") as a candidate for Independent Non-executive Director of the Company, which is subject to the Shareholders' approval at the EGM.

It was agreed to nominate Dr. CHEN as a candidate for Independent Non-executive Director of the fifth session of the Board of the Company. The term of office of Dr. CHEN will be from the date on which his appointment is approved at the general meeting to the end of the term of the fifth session of the Board. It was agreed that Dr. CHEN will serve as a member of the strategy committee, the chairman and a member of the audit committee, a member of the nomination committee, and a member of the remuneration committee of the Company after he formally commences his term of office as an Independent Non-executive Director of the Company.

The biography of Dr. CHEN is as follows:

Dr. CHEN Xinyuan, aged 61, currently serves as a professor of accounting and the dean of the School of Advanced Accounting and Auditing at Shanghai University of Finance and Economics, is concurrently the director of the Guiding Committee on Education of Accounting of the Ministry of Education, the vice president of the Accounting Society of China and the president of the Accounting Society of Shanghai, and is currently an independent non-executive director of Semiconductor Manufacturing International Corporation (a company listed on the Shanghai Stock Exchange, stock code: 688981; and the Hong Kong Stock Exchange, stock code: 00981). He was formerly the vice president and the dean of the School of Accounting at the Shanghai University of Finance and Economics. Dr. CHEN has expertise in finance and accounting, auditing and risk management, and corporate governance. He has been awarded the honorary titles of the first Outstanding Faculty Award of the Ministry of Education, the National "May 1" Labour Medal, Shanghai Model Worker, Shanghai Outstanding Communist Party Member, etc., and has been selected in the national "New Century Talents Project". Dr. CHEN graduated from Shanghai University of Finance and Economics with a master's degree and a doctorate degree in Economics (Accounting), and is a distinguished professor of the Ministry of Education's "Changjiang Scholars Program" and an expert with special allowances of the State Council.

As at the date of this circular and to the best knowledge of the Board, save as disclosed in this circular, (i) Dr. CHEN did not hold any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) Dr. CHEN does not have any other relationship with any Directors, senior management, substantial shareholders or controlling shareholder (as defined in the Listing Rules) of the Company, nor has he held any position in the Company or any of its subsidiaries; and (iii) Dr. CHEN does not have any interest in the shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

During his term of office as an Independent Non-executive Director of the Company, the emolument of Dr. CHEN is RMB250,000 per year. As at the date of this circular, the Company has not yet entered into any director service contract with Dr. CHEN. As at the date of this circular, to the best knowledge of the Board, the Board is of the view that Dr. CHEN meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines. In particular, Dr. CHEN has confirmed that:

(1) he has satisfied the independence requirements in relation to each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules;

(2) he has no past or present financial or other interests in the business of the Company or its subsidiaries and is not connected with any core connected persons (as defined in the Listing Rules) of the Company; and

(3) there is no other factor which may affect his independence.

Save as disclosed above, there is no information relating to the proposed appointment of Dr. CHEN which shall be disclosed pursuant to the requirements set out in Rules 13.51(2) (h) to (v) of the Listing Rules nor any matter which needs to be brought to the attention of the Shareholders of the Company.

V. EGM

The EGM will be held at 2:00 p.m. on Monday, 15 December 2025 at Reporting Hall, 2/F, Block A, No. 212, Qinjiang Road, Shanghai, the PRC, and the notice convening the meeting is set out on pages 46 to 47 of this circular..

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, 10 December 2025 to Monday, 15 December 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, 15 December 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, 9 December 2025, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Form of proxy for use at the EGM have been published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) on Monday, 24 November 2025 and dispatched to the Shareholders. In order to be valid, the forms of proxy together with the power of attorney or other authorization document (if any) signed by the authorised person or notarially certified power of attorney must be deposited to Computershare Hong Kong Investor Services Limited for holders of H Shares at Shops 1712–1716, 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 a form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if he/she so wishes.

As at the Latest Practicable Date, SEGC is the controlling shareholder of the Company, and SEGC and Shanghai Electric Group Hongkong Company Limited (上海電氣集團香港有限公司) holds approximately 43.20% interest in the total issued share capital of the Company. SEGC and Shanghai Electric Group Hongkong Company Limited (上海電氣集團香港有限公司), one of the SEGC's subsidiaries, shall, at the EGM, abstain from voting on the resolutions in respect of the continuing connected transactions and proposed annual caps under the Financial Services Framework Agreement and the continuing connected transactions and proposed annual caps under the Daily Connected Transaction Framework Agreement. Save as disclosed above and as far as the Directors are aware, no other Shareholder has a material interest in the abovementioned resolutions proposed at the EGM and thus is not required to abstain from voting at the EGM on the resolutions.

As at the Latest Practicable Date, SEGC and Shanghai Electric Group Hongkong Company Limited (上海電氣集團香港有限公司), one of the SEGC's subsidiaries, controlled or were entitled to exercise control over the voting rights in respect of 6,400,435,385 A Shares and 313,642,000H Shares in the Company, representing approximately 43.20% of the entire issued share capital of the Company in total. To the extent that the Company is aware having made all reasonable enquiries, as at the Latest Practicable Date:

(i) there was no voting trust or other agreement or arrangement or understanding entered into by or binding upon SEGC;

(ii) the members of SEGC were not subject to any obligation or entitlement whereby they had or might have temporarily or permanently passed control over the exercise of the voting right in respect of their shares in the Company to a third party, whether generally or on a case-by case basis; and

(iii) it was not expected that there would be any discrepancy between SEGC's beneficial shareholding interest in the Company and the number of shares in the Company in respect of which they would control or would be entitled to exercise control over the voting right at the EGM. As far as the Directors are aware, other than SEGC and Shanghai Electric Group Hongkong Company Limited (上海電氣集團香港有限公司), one of the SEGC's subsidiaries, no other Shareholder has a material interest in any of the resolution and so has to abstain from voting at the EGM on the above-mentioned resolution.

Dr. WU Lei, Mr. ZHU Zhaokai and Mr. Wang Chenhao, Directors of the Company, hold positions at SEGC and thus have a material interest in the continuing connected transactions and proposed annual caps under the Financial Services Framework Agreement and the continuing connected transactions and proposed annual caps under the Daily Connected Transaction Framework Agreement. They therefore abstained from voting on the relevant Board resolutions.

Save as disclosed above, none of the other Directors has a material interest in all resolutions to be proposed at the EGM.

VI. RECOMMENDATION

The Independent Board Committee, having taken into account of the advice of the independent financial adviser, considers that the continuing connected transactions under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC are on normal commercial terms and in the ordinary and usual course of the business of the Company, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM. 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, Directors (including Independent Non-executive Directors) recommend all the relevant Shareholders to vote in favour of all resolutions to be proposed at the EGM.

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.

VII. 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
HU Xupeng
Joint Company Secretary

Shanghai, the PRC

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the continuing connected transactions under the Financial Services Framework Agreement.

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)

24 November 2025

To the Independent Shareholders

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

We refer to the circular dated 24 November 2025 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on whether the continuing connected transactions under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill discounting services are conducted on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions under Financial Services Framework Agreement regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC.

After taking into account of the advice of Lego Corporate Finance Limited as set out on pages 30 to 45 of the circular, we are of the view that the continuing connected transactions under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC are conducted on normal commercial terms and in the ordinary and usual course of the business of the Company, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the continuing connected transactions under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill discounting services by SE Finance to SEGC.

Yours faithfully

The Independent Board Committee

Dr. XU Jianxin **Dr. LIU Yunhong** **Dr. DU Zhaohui**

Independent Non-executive Directors

* *For identification purpose only*

The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in relation to 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, which has been prepared for the purpose of inclusion in this circular.



24 November 2025

To: The Independent Board Committee and the Independent Shareholders of
Shanghai Electric Group Company Limited

Dear Sirs and Madams,

CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the Financial Services Framework Agreement, details of which are set out in the letter from the Board ("**Letter from the Board**") contained in the circular of the Company dated 24 November 2025 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

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 Company dated 2 December 2022 in relation to the entering into of a financial services framework agreement by SE Finance, a subsidiary of the Company, with SEGC Group in relation to the provision of deposit services and loan and bill discounting services for the three years ending 31 December 2025 (the "**Existing Financial Services Framework Agreement**"). As the Existing Financial Services Framework Agreement will expire on 31 December 2025, on 30 October 2025, SE Finance entered into the Financial Services Framework Agreement with SEGC in relation to the provision of, among others, deposit services and loan and bill discounting services for the three years ending 31 December 2028.

As at the Latest Practicable Date, SEGC was a controlling shareholder holding approximately 43.20% equity interest in the total issued share capital of the Company. 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 (as defined in the Listing Rules) of the proposed annual caps for the daily maximum balance of deposit services and loan and bill discounting services under the Financial Services Framework Agreement (the "**Proposed Annual Cap(s)**") 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. Also, 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 discloseable 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 EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, 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 INDEPENDENT BOARD COMMITTEE AND OUR INDEPENDENCE

The Independent Board Committee comprising all of the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on 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.

We, Lego Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser in accordance with the requirements of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in relation to 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, and to make a recommendation as to, among others, whether the continuing connected transactions contemplated under the Financial Services Framework Agreement are fair and reasonable, so far as the Independent Shareholders are concerned and the entering into of such transactions are in the interests of the Company and the Independent Shareholders as a whole.

During the past two years, Lego Corporate Finance Limited has acted as the independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to a connected transaction, details of which are set out in the announcement of the Company dated 18 October 2024. Apart from the normal professional fees paid to us in connection with such engagement and the

engagement of us as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transactions. As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with 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.

BASIS OF OUR ADVICE

In formulating our opinions and recommendations, we have reviewed, inter alia, the announcement of the Company dated 30 October 2025 in relation to the entering into of the Financial Services Framework Agreement, the annual report of the Company for the year ended 31 December 2024 and the interim report of the Company for the six months ended 30 June 2025. We have also reviewed certain information provided by the management of the Company (the "**Management**") relating to the operations, financial conditions and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the continuing connected transactions contemplated under the Financial Services Framework Agreement, and the businesses and future outlook of the Group. We have taken reasonable steps to ensure that such information and statements, and any representation made to us, which we have relied upon in formulating our opinions, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes (if any) as soon as possible.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any statement herein or in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and reasons for the entering into 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 to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations in respect of the continuing connected transactions contemplated under the Financial Services Framework Agreement regarding the provision of deposit services as well as loan and bill discounting services by SE Finance to SEGC Group, we have taken into consideration of the following principal factors and reasons:

1. Background and reasons for entering into the Financial Services Framework Agreement and the transactions contemplated thereunder

(i) Information on the parties

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 coal-fired power generation and corollary equipment, gas-fired power generation equipment, wind power equipment, nuclear power equipment, energy storage equipment and high-end vessels for chemical industry, and 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 provision of 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.; industrial internet services; financial services, covering financing leases and insurance brokerage; and property management 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 held 90.25% equity interest as at the Latest Practicable Date. SEGC held 9.75% equity interest in SE Finance as at the Latest Practicable Date. 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 institutions 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.

As at the Latest Practicable Date, SEGC was the controlling shareholder of the Company holding approximately 43.20% of the total issued share capital of the Company. SEGC is an enterprise wholly-owned by Shanghai State-owned Assets Supervision and Administration Commission and is one of the largest comprehensive equipment manufacturing groups in China.

(ii) Reasons for and benefits of entering into the Financial Services Framework Agreement and the transactions contemplated thereunder

In performing its ordinary and usual course of business, the Group has been from time to time providing financial services to SEGC Group. On 19 October 2022, SE Finance and SEGC Group entered into the Existing Financial Services Framework Agreement pursuant to which SE Finance conditionally agreed to provide deposit services and loan and bill discounting services to SEGC Group for the three years ending 31 December 2025. Since the Existing Financial Services Framework Agreement will expire on 31 December 2025, the Group intends to continue its provision of financial services to SEGC Group through the entering into the Financial Services Framework Agreement for governing the terms of the transactions in respect of, among others, the provision of deposit services as well as loan and bill discounting services contemplated thereunder for the three years ending 31 December 2028.

The entering into of the Financial Services Framework Agreement would be beneficial to the Group. By providing the deposit services under the Financial Services Framework Agreement, SE Finance is expected to be able to continue securing funds from SEGC Group, allowing it to grow its loan portfolio and providing sufficient level of financing to other companies within the Group and SEGC Group. By providing loan and bill discounting services under the Financial Services Framework Agreement, it is expected that the funds of SE Finance could be utilised in consideration of continuous receipt of interest income, therefore allowing for an efficient allocation of financial resources within the Group.

Considering the above, we are of the view that the entering into of the Financial Services Framework Agreement in respect of the provision of deposit services as well as loan and bill discounting services is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

2. Principal terms of the Financial Services Framework Agreement

On 30 October 2025, SE Finance entered into the Financial Services Framework Agreement with SEGC, pursuant to which SE Finance shall provide deposit services and loan and bill discounting services to SEGC Group for the three years ending 31 December 2028.

(i) Terms regarding the provision of deposit services

Pursuant to the Financial Services Framework Agreement, interest rates to be set by SE Finance for deposits by SEGC Group will be subject to the interest rates for similar deposits set by the major commercial banks in the PRC.

In assessing the fairness and reasonableness of the terms in respect of the deposit services under the Financial Services Framework Agreement, we have primarily reviewed the latest listed saving rates offered by SE Finance to SEGC Group under the Existing Financial Services Framework Agreement (the "**Listed Saving Rate(s)**"). For reference purpose, we have also reviewed the interests rates (the "**Review Period Saving Rate(s)**") offered by SE Finance to SEGC Group for the deposits during the period from 1 November 2024 up to and including 29 October 2025 (the "**Review Period**"), the amount of deposits involved of which have collectively accounted for not less than 50% of the corresponding total deposit amount newly made by SEGC Group with SE Finance during the Review Period. We consider that the Review Period, being the approximately 12 months immediately prior to the date of the Financial Services Framework Agreement, represents a reasonably fair and representative period that is relevant for assessing the latest principal terms offered by SE Finance to SEGC Group in respect of deposit services under the Existing Financial Services Framework Agreement. As confirmed by the Management, only demand deposits, three-month term deposits, six-month term deposits and one-year term deposits had been newly made by SEGC Group at SE Finance during the Review Period, whereas deposits of other categories including two-year term deposits had not been newly made by SEGC Group at SE Finance during the Review Period.

For comparison purpose, in respect of demand deposit, three-month term deposit, six-month term deposit, one-year term deposit and two-year term deposit, we have conducted independent research from the public domain on the latest quotation saving rates set by ten independent commercial banks in the PRC as at 30 October 2025 in respect of deposits of different terms (the "**Commercial Banks Saving Rate(s)").** Details of the Review Period Saving Rates, the Listed Saving Rates and the Commercial Banks Saving Rates are set out in Table 1 below.

Table 1: The Review Period Saving Rates, the Listed Saving Rates and the Commercial Banks Saving Rates

Term of deposit	Review Period Saving Rates *(%)*	Listed Saving Rates *(%)*	Commercial Banks Saving Rates *(%)*
Demand deposit	0.10 – 0.20	0.10	0.05 – 0.35
Three-month term deposit	1.05	1.05	0.65 – 1.10
Six-month term deposit	1.10 – 1.20	1.10	0.85 – 1.30
One-year term deposit	1.20 – 1.40	1.20	0.95 – 1.50
Two-year term deposit	Not applicable	1.30	1.05 – 2.10

As set out in Table 1 above, in respect of demand deposit, three-month term deposit, six-month term deposit and one-year term deposit, each of the corresponding Listed Saving Rates and the corresponding Review Period Saving Rates are within the corresponding ranges of the Commercial Banks Saving Rates. In respect of two-year term deposit, the Listed Saving Rate falls within the corresponding range of the Commercial Banks Saving Rates.

In respect of the agreement deposit, considering that the terms thereof are typically specific for individual agreements and are subject to a range of commercial considerations after negotiations between the banks and depositors, such as the credit profiles and relationship histories of the depositors, etc, for our assessment purpose, we have made reference to the saving rate offered by other commercial bank in the PRC to SEGC Group for agreement deposit during the Review Period (the "**Independent Saving Rate**"), the underlying amount of deposits made represented 100% of the corresponding total deposit amount newly made by SEGC Group with independent commercial banks during the Review Period. Details of the corresponding Review Period Saving Rates, the Listed Saving Rate and the Independent Saving Rate are set out in Table 2 below.

Table 2: The Review Period Saving Rates, the Listed Saving Rates and the Independent Saving Rate

Term of deposit	Review Period Saving Rates *(%)*	Listed Saving Rates *(%)*	Independent Saving Rate *(%)*
Agreement deposit	1.00 – 1.35	1.00	1.35

Based on our review, the corresponding Listed Saving Rate is lower than, and the corresponding Review Period Saving Rates are either lower than or equal to, the Independent Saving Rate, which amounts to 1.35%.

Accordingly, considering that (i) the corresponding Listed Saving Rate for agreement deposit is lower than, and the corresponding Review Period Saving Rates are either lower than or equal to, the Independent Saving Rate; (ii) the corresponding Listed Saving Rates in respect of deposits of all other terms are within the corresponding ranges of the Commercial Banks Saving Rates; and (iii) the relatively low potential litigation and dispute risk due to the long established cooperation relationship between the Group and SEGC Group, we are of the view that the transactions contemplated under the Financial Services Framework Agreement regarding the provision of deposit services by SE Finance to SEGC Group are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

(ii) Terms regarding the provision of loan and bill discounting services

Pursuant to the Financial Services Framework Agreement, interest rates to be 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, and will be determined based on the loan prime rate announced by the National Inter-bank Funding Center.

In assessing the fairness and reasonableness of the terms in respect of the bill and discounting services under the Financial Services Framework Agreement, we have reviewed the interest rates offered by SE Finance to SEGC Group under the loan agreements executed during the Review Period in respect of each applicable loan duration, the aggregate amount of loans involved of which has accounted for not less than 50% of the corresponding total amount of loans borrowed by SEGC Group from SE Finance during the Loan Services Review Period (the "**Review Period Borrowing Rate(s)**"). We consider that the Review Period, being the approximately 12 months immediately prior to the date of the Financial Services Framework Agreement, represents a reasonably fair and representative period that is relevant for assessing

the latest principal terms offered by SE Finance to SEGC Group in respect of loan services under the Existing Financial Services Framework Agreement.

We noted that all of the Review Period Borrowing Rates were for loans with a term of either one year or three years, details of which are set out in Table 3 below. We have also conducted research on the latest loan prime rate announced by the PBOC, which is only applicable to loans with a term of one year but inapplicable to loans with a term of three years, details of which are set out in Table 3 below. It is noted that for the loans with a term of one year, the Review Period Borrowing Rates were either lower than or equal to the relevant loan prime rate of 3.00%.

For the purpose of our analysis covering all of the Review Period Borrowing Rates, we initially attempted to further make reference to the terms of comparable loans provided by SE Finance to independent third parties. Yet, as stated in the Letter from the Board, under the relevant PRC regulations, SE Finance is allowed to provide treasury services to the Group, SEGC and companies where SEGC holds at least 20% shareholding or in which it has a control, and that no such loan arrangements had been entered into between SE Finance and independent third parties during the Review Period. Accordingly, we have alternatively made reference to the comparable loan agreements previously entered into between SEGC Group and independent commercial banks in the PRC (the "**Sample Loan Agreements**"), which were randomly selected and covered loans of all terms. Specifically, in respect of the loans with a terms of one year, we have alternatively reviewed the Sample Loan Agreements in relation to the obtaining of loan facilities for the corresponding duration by SEGC Group during the Review Period, the aggregate amount of loans involved of which has accounted for not less than 50% of the corresponding total amount of loans borrowed by SEGC Group from independent commercial banks, details of which are set out in Table 3 below. Based on our review, the relevant Review Period Borrowing Rates for loans with a term of one year are higher than the corresponding interest rates offered under the Sample Loan Agreements.

In respect of the loans with a terms of three years, given that no such loan agreements had been entered into between SEGC Group and independent third parties during the Review Period, we have further extended our review period by six months to include all Sample Loan Agreement entered into during the period from 1 May 2024 up to and including 29 October 2025 by SEGC Group with independent commercial banks in the PRC for the obtaining of loan facilities for a term of three years. Based on our review, the Review Period Borrowing Rates for loans with a term of three years are higher than the corresponding interest rate offered under the Sample Loan Agreement.

Table 3: The Review Period Borrowing Rates, the relevant loan prime rate and the interest rates offered under the Sample Loan Agreements

Term of loan	Review Period Borrowing Rates *(%)*	Relevant loan prime rate *(%)*	Borrowing rates offered by commercial banks under the Sample Loan Agreements *(%)*
One year	2.60 – 3.00	3.00	2.01 – 2.27
Three years	2.50 – 2.95	Not applicable *(Note)*	2.44

Note: As at the Latest Practicable Date, there was no such relevant loan prime rate applicable to loans with a term of three years.

Accordingly, despite that the Review Period Borrowing Rates in respect of loans with a term of one year are either lower than or equal to the corresponding loan prime rate of 3.00%, having considered that (i) all of the Review Period Borrowing Rates offered by SE Finance are no less favourable to the Group than those offered by independent commercial banks to SEGC Group under the Sample Loan Agreements; and (ii) the potential credit risk and litigation and dispute risks shall be relatively low in light of the long established cooperation relationship between the Group and SEGC Group, we are of the view that the transactions contemplated under the Financial Services Framework Agreement regarding the provision of loan and bill discounting services by SE Finance to SEGC Group are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. The Proposed Annual Caps

(i) The proposed annual caps in respect of the deposit services under the Financial Services Framework Agreement for the three years ending 31 December 2028 (the "Proposed Deposit Annual Cap(s)")

Table 4 below sets out (i) the historical maximum daily balances for deposits made by SEGC Group with SE Finance for the two years ended 31 December 2024 and the six months ended 30 June 2025; and (ii) the Proposed Deposit Annual Caps for the three years ending 31 December 2028.

Table 4: A summary of the historical maximum daily balance for deposits made by SEGC Group with SE Finance and the Proposed Deposit Annual Caps

	Historical maximum daily balance for deposits made for the year ended 31 December		Historical maximum daily balance for deposit made for the six months ended 30 June	Proposed Deposit Annual Caps for the year ending 31 December		
	2023	2024	2025	2026	2027	2028
	Approximately (RMB million)	*Approximately (RMB million)*	*Approximately (RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*
Amount	8,435	8,822	8,554	15,000	15,000	15,000

The Proposed Deposit Annual Cap for each of the three years ending 31 December 2028 amounts to RMB15,000 million, representing the same level as the existing corresponding annual cap under the Existing Financial Services Framework Agreement for the year ending 31 December 2025.

As shown in Table 4, the historical maximum daily balances of funds deposited by SEGC Group under the Existing Financial Services Framework Agreement were approximately RMB8,435 million, approximately RMB8,822 million and approximately RMB8,554 million for each of the two years ended 31 December 2024 and the six months ended 30 June 2025, respectively, representing the respective utilisation rates (the "**Deposit Utilisation Rate(s)**") of the corresponding historical annual caps in the amount of RMB15,000 million of approximately 56.23%, approximately 58.81% and approximately 57.03%.

As advised by the Management, the Proposed Deposit Annual Caps for the three years ending 31 December 2028 were determined primarily with reference to the expected demand of SEGC Group for deposit services from SE Finance during the three years ending 31 December 2028, which is in turn primarily estimated with reference to (i) the expected increase in the deposit balances of SEGC Group during the three years ending 31 December 2028; and (ii) the expected increase in the proportion of SEGC Group's total deposits made with SE Finance (the "**Deposit Concentration Rate**") during the three years ending 31 December 2028.

Based on our review of the calculations for determining the Proposed Deposit Annual Caps, we noted that the estimated deposit balances of SEGC Group during the three years ending 31 December 2028 were generally determined by the Management with reference to (i) the average of the respective historical deposit balances of SE Finance as at each of 31

December 2022, 2023 and 2024; and (ii) an estimated annual rate of increase in such deposit balance during the three years ending 31 December 2028, which is generally consistent with the compound annual growth rate of the average year-end deposit balance of SE Finance throughout the three years ended 31 December 2024.

On the other hand, in anticipating the expected demand of SEGC Group for deposit services from SE Finance during the three years ending 31 December 2028, the Management has anticipated a potential improvement in the Deposit Concentration Rate throughout the three years ending 31 December 2028.

Based on our review of the relevant internal document of SEGC Group, a deposit centralisation policy (the "**Deposit Concentration Policy**") was adopted by SEGC Group in 2015 pursuant to which each member of SEGC Group shall target to maintain not less than 80% of its deposits at SE Finance. We have reviewed the historical deposit information of members of SEGC Group as at 31 December 2024, and noted that the corresponding historical Deposit Concentration Rate was below 80%. According to our discussions with the Management, the Deposit Concentration Policy was not implemented as strictly planned primarily due to the insufficiency of the existing annual caps in respect of the loan and bill discounting services under the Existing Financial Services Framework Agreement, which had resulted in the fact that a substantial amount of outstanding loans had been borrowed from external commercial banks. Further, in order to maintain the relationships with such banks for obtaining borrowings, a substantial amount of deposits of SEGC Group were maintained with them. The relatively loose implementation of the Deposit Concentration Policy has also resulted in the relatively low Deposit Utilisation Rates throughout the two years ended 31 December 2024 and the six months ended 30 June 2025.

With the potential increase in the proposed annual caps for the loan and bill discounting services under the Financial Services Framework Agreement for the three years ending 31 December 2028 (the "**Proposed Loan Annual Cap(s)**"), it is expected that the aforesaid borrowing restriction from SE Finance by SEGC Group due to the limited existing caps could be eased, thereby enhancing the flexibility of SEGC Group when deciding on the receiving banks and/or financial institutions for the deposits to be made at, which shall therefore stimulate the amount of deposits to be made by SEGC Group at SE Finance. In addition, on 30 July 2025, the Shanghai State-owned Assets Supervision and Administration Commission (*https://www.gzw.sh.gov.cn/*) published "Notice on Promoting the Deepening of Treasury Management System Construction in SASAC-supervised Enterprises," (《關於推動市國資委監管企業深化司庫體系建設的通知》), pursuant to which regulated institutions are encouraged to, among others, strengthen the integrated application of the treasury management system in the near future. In response to the above notice, the Management advised that it shall be an ongoing initiative of SEGC Group to strengthen its fund management including its cash position by, among others, strictly implementing the Deposit

Centralisation Policy in the future. Further, we were advised that a unified electronic banking settlement system is expected to be established by SE Finance in or around 2026, which shall connect with the settlement systems of other external commercial banks, facilitating easier fund transfers and consolidation within entities of SEGC Group. By maintaining funds at SE Finance, SEGC Group could therefore manage its funds through the system more effectively. Considering the above and with the potential establishment of the aforesaid unified electronic banking system, it is expected that the Deposit Concentration Policy shall be carried out more efficiently and the Deposit Concentration Rate would improve in the near future.

Taking into account (i) the expected deposit balances of SEGC Group during the three years ending 31 December 2028 were determined with reference to the historical year-end average deposit balance of SEGC Group as well as the corresponding compound annual average growth throughout the three years ended 31 December 2024; and (ii) an ongoing initiative of SEGC Group to strengthen its fund management and enhance the Deposit Centralisation Rate in response to the relevant supporting notice published by the Shanghai State-owned Assets Supervision and Administration Commission, we are of the view that the determination of the Proposed Deposit Annual Caps is fair and reasonable.

(ii) The Proposed Loan Annual Caps

Table 5 below sets out the (i) historical maximum daily balances for loan and bill discounting services provided to SEGC Group by SE Finance for the two years ended 31 December 2024 and the six months ended 30 June 2025; and (ii) the Proposed Loan Annual Caps for the three years ending 31 December 2028.

Table 5: A summary of the historical maximum daily balance for loan and bill and discounting services provided to SEGC Group by SE Finance and the Proposed Loan Annual Caps

	Historical maximum daily balance for deposits made for the year ended 31 December		Historical maximum daily balance for deposit made for the six months ended 30 June	Proposed Deposit Annual Caps for the year ending 31 December		
	2023	2024	2025	2026	2027	2028
	Approximately (RMB million)	*Approximately (RMB million)*	*Approximately (RMB million)*	*(RMB million)*	*(RMB million)*	*(RMB million)*
Amount	9,222	13,390	14,434	18,000	18,000	18,000

The Proposed Loan Annual Cap for each of the three years ending 31 December 2028 amounts to RMB18,000 million, representing an increase of 20% from the corresponding existing annual cap under the Existing Financial Services Framework Agreement for the year ending 31 December 2025.

As advised by the Management, the Proposed Loan Annual Caps for the three years ending 31 December 2028 were determined primarily with reference to (i) the expected demand of SEGC Group for loan services from SE Finance during the three years ending 31 December 2028; and (ii) the expected financial capacity of SE Finance for providing loan and bill discounting services during the three years ending 31 December 2028.

In anticipating the expected demand of loans by SEGC Group during the three years ending 31 December 2028, the Management has made reference to the historical maximum daily balances of loan and bill discounting services provided to SEGC Group with SE Finance as well as the future development plan of SEGC Group. As disclosed in Table 5, the respective historical maximum daily balances of the loan and bill discounting services provided to SEGC Group by SE Finance for the two years ended 31 December 2024 and the six months ended 30 June 2025 were approximately RMB9,222 million, approximately RMB13,390 million and approximately RMB14,434 million, respectively, representing the maximum utilisation rates (the "**Loan Utilisation Rate(s)**") of 61.48%, approximately 89.27% and approximately 96.23% of the corresponding historical annual caps of RMB15,000 million, respectively. Accordingly, the Loan Utilisation Rate has demonstrated an increasing trend over the two years ended 31 December 2024 and the six months ended 30 June 2025, and reached a relatively high level from the mid-point onward, approaching a full utilisation at the end of such review period.

In anticipating the funding requirements of SEGC Group from SE Finance during the three years ending 31 December 2028, the Management has made reference to the existing loan profiles of different members of SEGC Group. As advised by the Management, it is intended that part of the loan services currently demanded by SEGC Group from the external banks would be gradually replaced by those provided by SE Finance after the maturity of the respective loans in the future. We have, in this regard, reviewed the schedule detailing the loan arrangements of SEGC Group with the external banks as at 30 September 2025, and noted that the then total balance of loans with external banks significantly exceeds the Proposed Loan Annual Cap. In particular, we noted that the principal amount of loans expected to be due in the year ending 31 December 2026 which accounts for not less than 50% of the aggregate balance of loans of SEGC Group as at 30 September 2025, represents not less than 70% of the Proposed Loan Annual Cap for the year ending 31 December 2026. Notwithstanding that the existing loan and bill discounting services provided to SEGC Group would continue to utilise part of the Proposed Loan Annual Caps, the increase in the Proposed Loan Annual Caps would cater the increased demand of the loan services by SEGC Group as a result of the aforesaid replacement.

On the other hand, considering the expected increase in the deposits to be made by SEGC Group with SE Finance for the three years ending 31 December 2028 as compared to that for the two years ended 31 December 2024 and the six months ended 30 June 2025, as previously analysed, it is expected that SE Finance would have increased capital, which would be sufficient for meeting the expected funding requirements of SEGC Group and providing loan and bill services during the three years ending 31 December 2028.

Taking into account the (i) the increasing trend in the Loan Utilisation Rate during the two years ended 31 December 2024 and the six months ended 30 June 2025, and the nearly full utilisation during the six months ended 30 June 2025; (ii) the expected demand of SEGC Group for loan services from SE Finance during the three years ending 31 December 2028, as supported by the fact that a substantial portion of the principal amount of loans currently demanded by SEGC Group from the external banks would be due in the year ending 31 December 2026, upon which part or all of such loans is intended to be replaced by the financing to be obtained from SE Finance; and (iii) the expected financial capacity of SE Finance for providing loan and bill discounting services during the three years ending 31 December 2028, we are of the view that the determination of the Proposed Loan Annual Caps is fair and reasonable.

4. Internal control procedures

The Group will be adopting several internal control procedures to ensure that the pricing basis under the Financial Services Framework Agreement are complied, details of which are set out in the section headed "II2. Financial Services Framework Agreement Summary" of the Letter from the Board.

For our due diligence purpose, we have obtained several relevant documents in respect of the aforesaid procedures including but not limited to (i) the internal control manuals regarding the Existing Financial Services Framework Agreement; (ii) the quarterly internal reports issued by SE Finance on the services provided under the Existing Framework Financial Services Agreement including, among others, the maximum daily balances reached, the pricing policies adopted and the compliance status in the relevant preceding quarters; (iii) the reminder and reports generated by the monitoring system adopted by SE Finance in ensuring that the annual caps under the Existing Framework Financial Services Agreement are not exceeded; and (iv) the internal approvals on the interests rates offered to SEGC Group under the Existing Financial Services Framework Agreement as issued by the finance department and the risk and compliance department of SE Finance. Based on our review, there is nothing contained in the aforesaid procedures that needs to be brought to the attention of the Independent Shareholders.

In addition, the Proposed Annual Caps will be subject to the annual review by the independent non-executive Directors, details of which must be included in the Company's subsequent published annual report and accounts. Also, pursuant to the Listing Rules, the auditors of the Company must provide a letter to the Board confirming, among others, that the continuing connected transactions contemplated under the Financial Services Framework Agreement are conducted in accordance with their terms and the Proposed Annual Caps, as the case may be, not being exceeded. Moreover, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of such transactions or the relevant annual caps not being exceeded.

In light of the foregoing, we are of the view that there are appropriate measures in place to govern the conduct of the continuing connected transactions contemplated under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill and discounting services by SE Finance to SEGC Group, as well as to safeguard the interests of the Independent Shareholders.

RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that the continuing connected transactions contemplated under the Financial Services Framework Agreement regarding the provision of deposit services and loan and bill and discounting services by SE Finance to SEGC Group are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution(s) to be proposed for approving 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 at the EGM.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Billy Tang
Managing Director

Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 25 years of experience in the accounting and investment banking industries.

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, 15 December 2025 at Reporting Hall, 2/F, Block A, No. 212, Qinjiang Road, Shanghai, the PRC for the purpose of considering and, if thought fit, approving the following resolutions:

ORDINARY RESOLUTIONS:

1. To consider and approve the continuing connected transactions and proposed annual caps under the Financial Services Framework Agreement.

2. To consider and approve the continuing connected transactions and proposed annual caps under the Daily Connected Transaction Framework Agreement.

3. To consider and approve the proposed appointment of Independent Non-executive Director.

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

Shanghai, the PRC, 24 November 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 24 November 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, 10 December 2025 to Monday, 15 December 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, 15 December 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, 9 December 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.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. EXPERTS AND CONSENTS

The following are the qualifications of the expert who has given opinions and advice contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the expert above has given and has not withdrawn their respective written consents to the issue of this circular with the inclusion of their reports or letters and/or references in the form and context in which they are included.

As at the Latest Practicable Date, the expert above had no shareholding in any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the expert above did not have any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited annual financial statements of the Company were made up.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there were no material adverse changes in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited annual financial statements of the Company were made up.

4. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors of the Company had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation other than statutory compensation).

5. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors of the Company has any direct or indirect interest in any asset which has been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited annual financial statements of the Company were made up.

None of the Directors has material interests in any contract or arrangement which has been entered by any member of the Group since 31 December 2024, being the date to which the latest published audited annual financial statements of the Company were made up, was subsisting as at the date of this circular and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions adopted by the Company.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or proposed directors of the Company and any of their associate(s) had interest in a business which competes or may compete with the business of the Group or may have any conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

7. DOCUMENTS ON DISPLAY

The following documents are available at (i) the website of the Company (www.shanghai-electric.com) and (ii) the website of the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular (both days inclusive):

(1) Letter from the Independent Financial Adviser, Lego Corporate Finance Limited;

(2) The letter of consent from the expert referred to in the paragraph headed "EXPERTS AND CONSENTS" in this Appendix;

(3) Financial Services Framework Agreement; and

(4) Daily Connected Transaction Framework Agreement.