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SHANGHAI ELECTRIC GROUP COMPANY LIMITED

上海電氣集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02727)

ANNOUNCEMENT ON TRANSFER OF EQUITY INTEREST OF A SUBSIDIARY THROUGH PUBLIC TENDER AND WAIVER OF RIGHTS OF FIRST REFUSAL OVER MINORITY INTERESTS IN SAID SUBSIDIARY

This announcement is made by the board of directors of Shanghai Electric Group Company Limited (the "**Company**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and with reference to Rule 13.10B of the Listing Rules.

I. Overview

(I) Basic information on the Transaction

1. Overview of the Transaction

On 30 December 2025, at the 117th meeting of the fifth session of the board of directors of the Company, the Resolution on the Transfer of 47.4% Equity Interests in Shanghai Electric Guoxuan New Energy Technology Co., Ltd. Held by the Company and Waiver of Rights of First Refusal for 3.6% Equity Interests in Shanghai Electric Guoxuan New Energy Technology Co., Ltd. was considered and approved. It was agreed that the Company will transfer 47.4% equity interests in Shanghai Electric Guoxuan New Energy Technology Co., Ltd. (上海電氣國軒新能源科技有限公司) ("**Electric Guoxuan**") held by the Company through public tender on the Shanghai United Assets and Equity Exchange (the "**United Assets and Equity Exchange**"), with the tender price of RMB1 based on the pre-assessment value of the total equity of Electric Guoxuan (subject to the appraised value as filed with the state-owned assets supervision and administration commission) (the "**Transfer**"), and also waive its pre-emptive rights for 3.6% equity interests in Electric Guoxuan held by Shanghai Haohao New Energy Technology Partnership (Limited Partnership) (上海昊豪新能源科技合夥企業（有限合夥）) ("**Haohao New Energy**") (the "**Transaction**").

The target market for the Company's energy storage business is domestic power energy storage projects, where the mainstream battery cells are lithium iron phosphate batteries with capacities of 280Ah or above. The principal business of Electric Guoxuan is lithium battery energy storage based on 100Ah capacity lithium iron phosphate batteries, its proprietary products are more suitable for backup power

and overseas residential storage markets and cannot meet the requirements of the power energy storage market, therefore, its principal business deviates from the Company's strategic direction. Furthermore, since its establishment, the operating performance of Electric Guoxuan has consistently failed to improve effectively, resulting in long-term operating losses. Consequently, the Company intends to sell its 47.4% equity interests in Electric Guoxuan. Haohao New Energy is the employee shareholding platform for the Company's side of Electric Guoxuan, and intends to transfer its 3.6% equity interests in Electric Guoxuan via an agreement or exit through other means upon the Company's disposal of its 47.4% equity interest in Electric Guoxuan, and the Company will waive its rights of first refusal for the aforementioned 3.6% equity interests in Electric Guoxuan.

2. Principal elements of the Transaction

Transaction items	☑ Sale ☑ Waiver of rights of first refusal ☐ Waiver of pre-emptive rights □ Other
Type of transaction subject	☑ Equity asset □ Non-equity asset
Name of transaction subject	Sale: 47.4% equity interests in Electric Guoxuan Waiver of rights of first refusal: 3.6% equity interests in Electric Guoxuan
Involving cross-border transaction or not	□ Yes ☑ No
Transaction price	□ Determined ☑ Not determined, with the tender price of RMB1
Book cost	RMB237.00 million
Premium of transaction price over book value	Not applicable
Amount of waiver of rights of first refusal	Not applicable
Payment arrangement	☑ One-off payment in full amount; agreed payment time: within five business days from the effective date of the Equity Transfer Contract □ Installment payment
Including performance commitment clauses or not	□ Yes ☑ No

(II) Consideration by the board of directors

On 30 December 2025, at the 117th meeting of the fifth session of the board of directors of the Company, the Resolution on the Transfer of 47.4% Equity Interests in Shanghai Electric Guoxuan New Energy Technology Co., Ltd. Held by the Company and Waiver of Rights of First Refusal for 3.6% Equity Interests in Shanghai Electric Guoxuan New Energy Technology Co., Ltd. was considered and approved.

(III) Approvals and other procedures required for the Transaction to take effective

The Transaction does not constitute a material asset restructuring as stipulated in the Measures for the Administration of Material Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》), nor does it constitute a related party transaction.

The Transaction did not meet the threshold for consideration at the general meeting.

II. Introduction of the Counterparty

As the Transaction will be carried out through a public tender on the United Assets and Equity Exchange to seek potential transferees, the counterparty to the Transaction has not yet been determined.

III. Basic Information on the Transaction Subject

(I) Overview of the transaction subject

1. Basic information on the transaction subject

The Transaction involves the transfer of 47.4% equity interests in Electric Guoxuan and the waiver of rights of first refusal for 3.6% equity interests in Electric Guoxuan.

2. Ownership of the transaction subject

The ownership of the transaction subject is clear. There is no mortgage, pledge, or any other restriction on the transfer of the transaction subject, no litigation, arbitration, or judicial measures such as seizure or freezing, and there are no other circumstances hindering the transfer of ownership.

3. Operating of the relevant assets

Electric Guoxuan was jointly established in 2017 by the Company and Guoxuan High-Tech Co., Ltd.. Partnership enterprises were set up by the respective technical teams from both parties, and the Parties Acting in Concert Agreement was signed with the respective corporate shareholders. The target market for the Company's energy storage business is domestic power energy storage projects, where the mainstream battery cells are lithium iron phosphate batteries with capacities of 280Ah or above. The principal business of Electric Guoxuan is lithium battery energy storage based on 100Ah capacity lithium iron phosphate batteries, its proprietary products are more suitable for backup power and overseas residential storage markets and cannot meet the requirements of the power energy storage market, therefore, its principal business deviates from the Company's strategic direction. Furthermore, since its establishment, the operating performance of Electric Guoxuan has consistently failed to improve effectively, resulting in long-term operating losses.

4. Specific information on the transaction subject

(1) Basic information

Legal entity/organization name:	Shanghai Electric Guoxuan New Energy Technology Co., Ltd.
Unified social credit code:	☑ 91310114MA1GUDPU70 □ Not applicable
Is it a subsidiary within the consolidated scope of the Company	☑ Yes □ No
Will the Transaction result in a change in the consolidated reporting scope of the Company	☑ Yes □ No

Does the Company provide guarantees or entrust wealth management services to the subsidiary to be deconsolidated, and does the subsidiary occupy funds of the listed company	Guarantees: ☑ Yes □ No □ Not applicable Entrusted wealth management services: □ Yes ☑ No □ Not applicable Occupation of Company's funds: □ Yes ☑ No □ Not applicable
Date of establishment	11 December 2017
Registered address	Room 401, Building 3, No. 285 Hengyong Road, Jiading District, Shanghai
Principal office address	19/F, Block 1, No. 4855 Dushi Road, Minhang District, Shanghai
Legal representative	Ni Guoping (倪國平)
Registered capital	RMB500 million
Main business	General business: Technical services, technical development, technical consultancy, technical exchange, technology transfer, technology promotion; information system integration services; battery sales; mechanical equipment sales; environmental protection specialized equipment sales; smart power transmission distribution and control equipment sales; electronic components wholesale; charging pile sales; general machinery and equipment installation services; engineering management services; storage battery leasing (Except for projects that require approval according to law, business activities may be independently carried out based on the business license in accordance with the law). Licensed projects: Various engineering construction activities; import and export of goods; import and export of technology.
Industry	C384 battery manufacturing

(2) Equity structure

Equity structure prior to this Transfer:

No.	**Name of shareholder**	**Registered capital (RMB100 million)**	**Shareholding percentage**
1	Shanghai Electric Group Company Limited	2.37	47.4%
2	Shanghai Haohao New Energy Technology Partnership (Limited Partnership) (acting in concert with the Company)	0.18	3.6%
3	Guoxuan High-Tech Co., Ltd.	2.27	45.4%
4	Shanghai Xuanneng New Energy Technology Partnership (Limited Partnership) (上海軒能新能源科技合夥企業	0.18	3.6%

	（有限合夥）) (acting in concert with Guoxuan High-Tech Co., Ltd.)		

The equity structure after this Transfer will be determined upon confirmation of the transferee.

(3) Other information

As of the date of this announcement, the Company has not yet received written statements from other shareholders of Electric Guoxuan regarding whether they will waive their rights of first refusal.

The entity corresponding to the Transaction subject is not a discredited person subject to enforcement.

(II) Main financial information on the transaction subject

Unit: RMB'0,000

Name of the subject asset	Shanghai Electric Guoxuan New Energy Technology Co., Ltd.	
Type of the subject asset	Equity asset	
Equity percentage in the Transaction (%)	Sale: 47.4% equity interests in Electric Guoxuan Waiver of rights of first refusal: 3.6% equity interests in Electric Guoxuan	
Whether audited	☑ Yes □ No	
Name of auditor	Shanghai Certified Public Accountants (Special General Partnership)	
Whether a qualified auditor under applicable regulations	☑ Yes □ No	
Item	**For the year 2024 /as at 31 December 2024**	**January to September 2025/ as at 30 September 2025**
Total assets	165,300.12	71,747.40
Total liabilities	178,733.32	109,555.71
Net assets	-13,433.20	-37,808.32
Operating revenue	75,485.35	70,178.73
Net profit	-27,157.80	-24,375.12
Net profit after deducting non-recurring profit and loss	-27,157.80	-24,375.12

IV. Valuation and Pricing of the Transaction Subject

(I) Pricing and basis

1. Pricing method and result of the Transfer

The tender price of the Transfer is RMB1, which is based on the pre-assessment value of the total equity of Electric Guoxuan (subject to the appraised value as filed with the state-owned assets supervision and administration commission).

2. Specific appraisal and pricing of the subject asset for this Transfer

Name of subject asset	47.4% equity interests in Shanghai Electric Guoxuan New Energy Technology Co., Ltd.
Pricing method	□ Negotiated pricing □ Pricing based on appraisal or valuation results ☑ Determined through public tender, with the tender price based on the appraisal results □ Others
Transaction price	□ Determined ☑ Not determined
Appraisal/Valuation/ base date	30 September 2025
Appraisal/Valuation results adopted	☑ Asset-based approach □ Income approach □ Market approach □ Others
Final appraisal/valuation conclusion	Appraisal/Valuation value: RMB-36.1039 million Appraisal/Valuation appreciation rate: 90.45%
Name of valuation/ appraisal institution	Shanghai Shenwei Assets Appraisal Co., Ltd. (上海申威資產評估有限公司)

3. Major valuation assumptions and valuation parameters

(1) General assumptions, including:

1) Transaction assumption; 2) open market assumption; 3) continuing operation assumption; 4) assumption about the use of an asset for existing purpose; 5) external environment assumption; 6) it is assumed that the management of the appraised entity and its subordinate long-term investment entities have responsibly performed their obligations for the operation of the business and have competently implemented effective management of the relevant assets; 7) the impact of possible mortgages, guarantees, as well as the possible additional price to be paid for special transaction methods on the appraisal conclusion is not considered; 8) it is assumed that such information provided by the client and the appraised entity is true, complete and lawful; 9) in accordance with the purpose of this appraisal, it is determined that the valuation type of this appraisal is the market value.

(2) Special assumptions, including:

1) It is assumed that the accounting policies to be adopted by the appraised entity and its subordinate long-term investment entities in the future will be substantially consistent with those adopted in the preparation of the valuation report in all material respects;

2) This appraisal assumes that the core team of the appraised entity and its subordinate long-term investment entities will continue to serve in appraised entity in future years and will not engage in any outside business that competes with the appraised entity’s business;

3) It is assumed that the appraised entity and its subordinate long-term investment entities operate in compliance with laws and regulations, and the relevant operating licenses currently obtained can be normally renewed upon expiry;

4) This appraisal assumes that the production and operation sites and equipment leased by the appraised

entity and its subordinate long-term investment entities can be renewed normally at contract prices and continue operations upon expiry of the leases;

5) This appraisal assumes that the appraised entity and its subordinate long-term investment entities will be able to raise the necessary capital for their operational needs and that their operations will not be affected by financing matters;

6) The appraised entity was recognized as a high-tech enterprise in 2022, enjoying a preferential enterprise income tax rate of 15% valid until 2025. Given that the appraised entity's current status and that the relevant indicators of its future profit forecast meet the requirements for high-tech enterprise recognition, this appraisal assumes that the high-tech enterprise qualification of the appraised entity can be normally renewed upon expiry, and the enterprise income tax rate for subsequent years will be 15%.

4. Summary of valuation results

Summary of Asset Valuation Results (Individual Statement)

Valuation base date: 30 September 2025 Unit: RMB0'000

Item	Book value	Appraised value	Increase/ Decrease	Appreciation rate %
Current assets	45,259.26	47,599.04	2,339.78	5.17
Non-current assets	26,488.14	58,346.30	31,858.16	120.27
Total assets	71,747.40	105,945.34	34,197.94	47.66
Current liabilities	107,475.71	107,475.71	-	-
Non-current liabilities	2,080.00	2,080.00	-	-
Total liabilities	109,555.71	109,555.71	-	-
Net assets (owner's equity)	-37,808.32	-3,610.39	34,197.93	90.45

Note: The increase in the value of non-current assets is primarily attributable to the appreciation of long-term equity investments, fixed assets, and intangible assets. (1) The appraised value of long-term equity investments increased by RMB299.7151 million, representing an appreciation rate of 199.58%. The main reason for the increase is that, under the asset-based approach applied in this valuation, the appraised value of controlling long-term investments was determined based on the post-valuation net assets of the investee companies in proportion to the investment stake. The valuation reflects an overall appreciation, influenced by the cumulative impact of profits and losses generated by these long-term equity investee companies over the years. (2) The appraised value of fixed assets increased by RMB1.4685 million, representing an appreciation rate of 307.28%. The main reason for the increase is the discrepancy between the economic useful life used by the enterprise for accounting purposes and the depreciation period applied in the valuation. Additionally, the R&D equipment of the enterprise was fully depreciated upon initial recognition, resulting in a net book value of RMB0. This valuation assessed the aforementioned R&D equipment. (3) The appraised value of intangible assets increased by RMB17.3980 million, representing an appreciation rate of 184.87%. The main reason for the increase is that this valuation included off-balance-sheet patents and software copyrights owned by Electric Guoxuan and its two subsidiaries within the valuation scope and valued them using the income approach.

5. Other matters

Shanghai Xuanneng New Energy Technology Partnership (Limited Partnership), the shareholder of Electric Guoxuan, paid in the unpaid capital contribution of RMB15 million on 16 December 2025.

Therefore, after the capital contribution by this shareholder, the appraised value of the total equity interest of Electric Guoxuan became RMB-21.1039 million.

V. Main Content and Arrangement for the Transaction Contract or Agreement

The Company will publicly disclose transfer information on the United Assets and Equity Exchange and solicit interested transferees in accordance with the relevant provisions of the measures for the supervision and administration of transactions of state-owned assets, with the initial tender price of RMB1. The disclosure period on the United Assets and Equity Exchange is 20 business days. If no potential transferee is solicited by the end of the listing period, the information disclosure will be extended (for no more than one year from the official announcement date).

The principal terms proposed for the transfer through public tender are as follows:

1. The transferee shall pay a transaction security deposit of RMB100,000 to the designated bank account of the United Assets and Equity Exchange.

2. The transaction price for this equity transfer shall be paid in a lump sum. The transferee shall pay the full equity transaction price to the designated bank account of United Assets and Equity Exchange within five business days from the effective date of the Equity Transfer Contract. The United Assets and Equity Exchange shall remit the full price to the bank account designated by the transferor within three business days after issuing the equity transaction certificate and upon application by the transferor.

3. The Company has provided guarantees amounting to RMB335.57 million for Electric Guoxuan and/or its subsidiaries till now. The transferee shall complete the corresponding guarantee substitution with financial institutions within 60 working days from the date of signing the Equity Transfer Contract and no later than 70 working days from the date of signing the Equity Transfer Contract or 18 September 2026 (whichever is earlier).

4. In addition to the security deposit in clause 1 above, the transferee must provide proof documents of financial institutions agreeing to the guarantee substitution mentioned in clause 3 above upon confirmation of transferee qualification; if such proof documents of financial institutions cannot be provided, a bank deposit certificate or bank guarantee for RMB335.57 million may be provided instead.

5. This Equity Transfer Contract will become effective only after the transferee fulfills clause 3 above.

6. For contracts already signed between Electric Guoxuan and the Company and/or its subsidiaries that have not been fully performed, the transferee shall, after completing the industrial and commercial change registration, urge the target company to continue performing any responsibilities and obligations thereunder (including but not limited to supply, quality assurance, provision of guarantees, and payment obligations).

7. The transferee shall, within 20 business days after the effective date of the Equity Transfer Contract, complete the industrial and commercial change registration for the equity transfer of Electric Guoxuan and its name change, so that the name of Electric Guoxuan no longer contains the words “Shanghai Electric”; and it shall not continue to use the Company's operating qualifications, concessions, trademarks, and other intangible assets, nor shall it continue to carry out business activities in the name of a subsidiary of the Company.

8. If the transferee fails to complete the financial institution loan guarantee substitution within 60

business days from the signing of the Equity Transfer Contract as confirmed in writing, the Company will charge the transferee a late fee at 0.05% per day of the financial institution loan amount; if the financial institution loan guarantee substitution is still not completed by 70 business days from the signing of the Equity Transfer Contract or by 18 September 2026 (whichever is earlier), the Company shall have the right to otherwise dispose of the subject assets. If the late fee is insufficient to cover the actual losses suffered by the Company as a result, the transferee shall fully compensate the Company for the shortfall.

9. Upon the effectiveness of the Equity Transfer Contract, the Parties Acting in Concert Agreement between the Company and Haohao New Energy shall terminate, and the concert party relationship between them shall be dissolved.

VI. Impact of the Sale of Assets on the Company

1. As of the date of this announcement, the outstanding principal balance of the project loan for Shanghai Electric Guoxuan New Energy Technology (Nantong) Co., Ltd. (上海電氣國軒新能源科技（南通）有限公司), a wholly-owned subsidiary of Electric Guoxuan, is RMB657.98 million. This project loan is provided by a banking syndicate consisting of commercial banks and Shanghai Electric Group Finance Co., Ltd. (上海電氣集團財務有限責任公司) ("**Finance Company**"), a controlled subsidiary of the Company, among which the outstanding loan principal balance from the Finance Company is RMB328.97 million. The Company intends to complete the transfer of Finance Company's share in the syndicated loan prior to the completion of this equity transfer. Further, the Company provides guarantees for this project loan in proportion to its aggregate shareholding with its concert party, with a term lasting until 20 February 2030, and the outstanding guarantee balance as of the date of this announcement is RMB335.57 million. The conditions for the equity transfer require the transferee to assume the aforementioned guarantees, and the equity transfer will become effective after the transferee performs the guarantee substitution.

2. According to the preliminary calculation by the financial department of the Company, if the Transaction is completed at the initial tender price, it is expected to increase the Company's net profit attributable to the parent company for the current period by approximately RMB85 million, which is subject to the results confirmed by the auditor upon completion of the audit.

3. In view of the public tender procedures to be fulfilled for the Transaction, there are uncertainties about the conclusion of the Transaction and the final consideration for the Transaction. The Company will pay close attention to the progress of the Transaction and fulfill its information disclosure obligations in a timely manner.

Shareholders and potential investors of the Company are advised to exercise caution when trading the Company's securities.

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

Shanghai, the PRC, 30 December 2025

As at the date of this announcement, the executive directors of the Company are Dr. WU Lei, Mr. ZHU Zhaokai and Mr. WANG Chenhao; the non-executive directors of the Company are Mr. SHAO Jun and Ms. LU Wen; and the independent non-executive directors of the Company are Dr. LIU Yunhong, Dr. DU Zhaohui and Dr. CHEN Xinyuan.

**For identification purpose only*