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SHANGHAI ELECTRIC GROUP COMPANY LIMITED

上海電氣集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02727)

ANNOUNCEMENT ON THE PROGRESS OF MATERIAL LITIGATIONS

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”**), and the 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).

I. General Information on the Material Litigations

References are made to the announcements of the Company dated 4 September 2023, 30 September 2024, 5 August 2025 and 1 September 2026. The Company provided loans totalling RMB1 billion to SINOMECH Engineering Group Co., Ltd. *(中國能源工程集團有限公司) (**“SINOMECH”** or the **“Borrower”**) in 2019 and 2020, and thereafter the Borrower repaid the principal amount of RMB1 million and a portion of the interest. Upon maturity of the loans and after demands for repayment, both the Borrower and the guarantors failed to fulfil their contractual obligations as agreed. The Company formally filed a lawsuit with the Shanghai Financial Court. After negotiations between the Company and China Pufu Machinery Industry Co., Ltd. *(中國浦發機械工業股份有限公司) (**“Pufu Machinery”**), one of the defendants, on 29 September 2024, the Company entered into the settlement agreement with Pufu Machinery and its wholly-owned subsidiary Shanghai Pujin Enterprise Development Co., Ltd. *(上海浦進企業發展有限公司) (**“Shanghai Pujin”**), pursuant to which a settlement was reached regarding the repayment plan for the principal debt portion of SINOMECH. The aforementioned lawsuit has been concluded.

In August 2025, the Company sought recovery of the outstanding indebtedness under the SINOMECH loan from SINOMECH, the guarantors, namely Shanghai Zhongyou Guodian Energy Co., Ltd. *(上海中油國電能源有限公司) (**“Zhongyou Guodian”**), Shanghai Changtai Electric Co., Ltd. *(上海昌泰電氣有限公司) (**“Changtai Electric”**) and Zhongji Guoneng Engineering Co., Ltd. *(中機國能工程有限公司) (**“Zhongji Guoneng”**), and other obligors, and formally commenced legal proceedings before the Shanghai Pudong New Area People's Court. The proceedings were assigned case numbers (2025) Hu 0115 Min Chu No. 94754 (**“Litigation I”**) and (2025) Hu 0115 Min Chu No. 94749 (**“Litigation II”**), respectively. The Company has received the civil judgment for Litigation I.

II. Progress of the Material Litigations

Recently, the Company received the civil judgment issued by the court in respect of Litigation II. The principal contents of the judgment are as follows:

1. SINOMECH shall, within 10 days from the effective date of the judgment, pay to the Company interest of RMB32,532,500, compound interest of RMB15,376,462.60 accrued up to 30 June 2026, as well as compound interest accruing from 1 July 2026 up to the date of actual full repayment (calculated on the basis of the interest

amount of RMB32,532,500 at an annual interest rate of 8.3655%);

2. SINOMECE shall, within 10 days from the effective date of the judgment, pay to the Company penalty interest of RMB167,305,170.32 accrued up to 29 June 2026, as well as penalty interest for the period commencing on 30 June 2026 until the day preceding the date on which Pufa Machinery, the third party, makes actual payment of its final instalment pursuant to Civil Mediation Instrument No. (2023) Hu 74 Min Chu No. 914. Such penalty interest shall be calculated on a segmented basis in accordance with the payment schedule confirmed under Civil Mediation Instrument No. (2023) Hu 74 Min Chu No. 914, based on the outstanding principal amount at an annual interest rate of 8.3655%;

3. SINOMECE shall, within 10 days from the effective date of the judgment, compensate the Company for legal fees in the amount of RMB150,000;

4. If SINOMECE fails to perform the payment obligations set out in items 1 to 3 above when due, the Company may, by agreement with Zhongyou Guodian, realize the pledged equity under the Notice of Registration for the Establishment of Equity Pledge (Registration No. [002020] 0047) at a discounted value, or apply for priority repayment from the proceeds of any auction or disposal of such pledged equity. Any amount in excess of the amount of the claim after such discounted disposal, auction or sale shall belong to Zhongyou Guodian, and any shortfall shall remain payable by SINOMECE;

5. If SINOMECE fails to perform the payment obligations set out in items 1 to 3 above when due, the Company may, by agreement with Changtai Electric, realize the pledged equity under the Notice of Registration for the Establishment of Equity Pledge (Registration No. [002020] 0048) at a discounted value, or apply for priority repayment from the proceeds of any auction or disposal of such pledged equity. Any amount in excess of the amount of the claim after such discounted disposal, auction or sale shall belong to Changtai Electric, and any shortfall shall remain payable by SINOMECE;

6. Zhongji Guoneng is jointly and severally liable for the aforesaid payment obligations of SINOMECE under items 1 to 3. After performing its suretyship obligations, Zhongji Guoneng shall have a right of recourse against SINOMECE;

7. The remaining claims of the Company are dismissed.

The case acceptance fee of RMB1,244,076 and the property preservation fee of RMB5,000 amount to RMB1,249,076 in total. Of this amount, RMB129,817 shall be borne by the Company, and RMB1,119,259 shall be jointly borne by SINOMECE, Zhongyou Guodian, Changtai Electric and Zhongji Guoneng.

III. Impact of the Progress on the Profit of the Company for the Current or Subsequent Periods

Given that this judgment is the first-instance judgment, the defendants may file an appeal within the prescribed time limit, and this judgment has not yet taken effect. Due to the uncertainty surrounding the final judgment and the outcome of enforcement, the impact on the Company's current-period or future profits remains uncertain. The Company will make appropriate accounting treatment in accordance with the requirements of relevant accounting standards and actual circumstances, based on the progress and outcome of this case. The Company will fulfil its information disclosure obligations promptly as the litigation progresses.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board

Shanghai Electric Group Company Limited

Hu Xupeng

Joint Company Secretary

Shanghai, the PRC, 8 September 2026

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 Ms. ZHU Yun, Mr. ZHU Jiaqi and Mr. CAO Qingwei; and the independent non-executive directors of the Company are Dr. LIU Yunhong, Dr. DU Zhaohui and Dr. CHEN Xinyuan.

** For identification purpose only*