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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 LITIGATION BY A 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.

References are made to the inside information announcement dated 31 May 2021 and announcements on the progress of material litigation by a subsidiary dated 15 November 2021, 1 April 2022 and 19 July 2022 in relation to Shanghai Electric Communication Technology Co., Ltd. (上海電氣通訊技術有限公司) (“**SECT**”), a subsidiary controlled by and held as to 40% by the Company, which filed a lawsuit in Shanghai Yangpu District People's Court (上海市楊浦區人民法院) on 27 May 2021 against Fortune Industrial Corp. (富申實業公司) (“**Fortune Industrial**”) to request Fortune Industrial to settle the payment for the goods in a total amount of RMB787.9562 million and the relevant liquidated damages under the Product Sales Contracts and Equipment Purchase and Sales Contracts signed between May 2019 and December 2020 (the “**Previous Litigation**”).

In November 2021, SECT received materials including notices of responding to action, civil complaints and copies of evidence from Shanghai Xuhui District People's Court (上海市徐匯區人民法院), with which Fortune Industrial brought a claim against SECT to revoke the Product Sales Contracts and require SECT to return the corresponding advance payments and payments for goods in a total amount of RMB 97.7418 million (the “**Litigation**”). The Product Sales Contracts between SECT and Fortune Industrial in the Litigation are among the contracts involved in the Previous Litigation. In April 2022, the case was transferred to Shanghai Yangpu District People's Court for trial.

In July 2022, Shanghai Yangpu District People's Court ruled that the Litigation was stayed.

Recently, SECT received a Civil Ruling from Shanghai Yangpu District People's Court, which ruled that the Litigation be treated as withdrawn by Fortune Industrial, the plaintiff.

The Company will perform its obligation of information disclosure on the progress of the litigations.

Shareholders and potential investors of the Company 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

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*