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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 EXPROPRIATION OF A HOUSING OWNED BY A SUBSIDIARY OF THE COMPANY

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

Pursuant to the "Decision of the People's Government of Huangpu District of Shanghai on Housing Expropriation" (Huang Fu Zheng [2022] No. 1) (《上海市黃浦區人民政府房屋徵收決定》) (黃府征[2022]1號), the housing of Shanghai Electric Group Property Company Limited (上海電氣集團置業有限公司) (“**SEC Property**”), a wholly-owned subsidiary of the Company, located at No. 49 Sichuan Middle Road, Shanghai (second floor and third floor) was included in the scope of the expropriation. Recently, Shanghai Huangpu District Housing Security and Housing Administration (上海市黃浦區住房保障和房屋管理局) and Shanghai Huangpu Second Housing Expropriation Service Company Limited (上海市黃浦第二房屋徵收服務事務所有限公司) intend to enter into the "Compensation Agreement for Expropriation of Housing on Shanghai State-owned Land" (《上海市國有土地上房屋徵收補償協議》) with SEC Property. On 21 June 2024, the board of directors of the Company considered and approved the “Resolution Regarding the Expropriation of Housing Owned by Shanghai Electric Group Property Company Limited” (《關於上海電氣集團置業有限公司所屬房屋被徵收的議案》) for the purpose of the consent for the housing owned by SEC Property at No. 49 Sichuan Middle Road, Shanghai (second floor and third floor) to be expropriated by Shanghai Huangpu District Housing Security and Housing Administration and Shanghai Huangpu Second Housing Expropriation Service Company Limited with a total expropriation compensation of RMB82,510.317 thousand. The voting results are 7 votes in favor, 0 vote against and 0 abstention.

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 connected transaction.

II. Information of the Counterparty

The expropriator of the expropriation is the Shanghai Huangpu District Housing Security and Housing Administration, and the implementation entity of the expropriation is Shanghai Huangpu Second Housing Expropriation Service Company Limited, both of which have no relationship with the Company in terms of property rights, business, assets, debts and liabilities, and personnel.

III. Basic Information of the Transaction Subject

The subject of the transaction is the property located at No. 49 Sichuan Middle Road, Shanghai (second floor and third floor). According to the Real Estate Property Certificate [Hu (2017) Huang Zi Real Estate No. 002118] (《不動產權證書》[滬(2017)黃字不動產權第002118號]), the owner is SEC Property; the nature of the land right is transfer; the land use is office; the type of the housing is office building; the use of the housing is office; and the building area is 538.58 square meters on the second floor and 526.26 square meters on the third floor, which is a total of 1,064.84 square meters.

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

IV. Transaction Pricing

Pursuant to the "Compensation Agreement for Expropriation of Housing on Shanghai State-owned Land" intended to be entered, the total expropriation compensation was RMB82,510.317 thousand. Among others, based on the appraisal of the Shanghai Real Estate Appraisers Co., Ltd. entrusted by the expropriator, the total appraisal price was RMB72,193.688 thousand, the compensation for the loss of suspension of production and business amounted to RMB7,219.3688 thousand, and other subsidies and incentives amounted to RMB3,097.260 thousand, with a total amount of RMB82,510.317 thousand.

V. Principal Terms of the Agreement

The principal terms of the "Compensation Agreement for Expropriation of Housing on Shanghai State-owned Land" intended to be entered by Shanghai Huangpu District Housing Security and Housing Administration and Shanghai Huangpu Second Housing Expropriation Service Company Limited and SEC Property are set out below:

1. The expropriated housing was located at No. 49 Sichuan Middle Road, Shanghai.
2. The value of the expropriated housing was appraised by Shanghai Real Estate Appraisers Co., Ltd., and the market appraisal price was RMB67.6 thousand per square meter for the second floor and RMB68.0 thousand per square meter for the third floor.
3. In accordance with the relevant regulations and the compensation plan for the expropriation of the area, the compensation for the value of the expropriated housing amounted to RMB72,193.688 thousand.
4. The compensation for the loss of suspension of production and business amounted to RMB7,219.3688 thousand.
5. Other subsidies and incentives amounted to RMB3,097.260 thousand.
6. SEC Property shall, within 7 days after the effective date of this Agreement, submit the "Certificate of Public Property Lease" (《公房租賃憑證》) or the "Property Ownership Certificate" (《房地產權證》) of the expropriated housing and the relevant ownership certificates (originals) to expropriator/property expropriation implementation entity for review, and after the effective date of this Agreement, report it to relevant department for deregistration.

7. SEC Property shall move out of the original site within 30 days after the effective date of this Agreement.
8. SEC Property shall, within 1 day after moving out of the original site, hand over the vacant house to expropriator/property expropriation implementation entity in its entirety, and shall not demolish the housing equipment and building materials in the original house.
9. Within 90 days after the effective date of this Agreement and moving out of the original site of SEC Property, the expropriator/property expropriation implementation entity shall pay SEC Property the amount agreed in this Agreement, which shall be RMB82,510.317 thousand in total.

VI. Impact of the Transaction on the Company

The transaction is implemented by the Company in accordance with the governmental planning, and the pricing of the transaction was determined in accordance with the relevant regulations and the relevant compensation plan for expropriation, which was determined by the relevant parties after negotiation, and in line with the interests of all shareholders of the Company, and there is no act that is detrimental to the interests of the Company and its shareholders.

This expropriation is expected to be completed in 2024. As preliminarily estimated by the financial department of the Company, after deducting the net book value, land appreciation tax and other expenses, the impact of this expropriation on the Company's net profit attributable to the parent company in 2024 is approximately RMB61 million, which is subject to the results recognised by the auditor in the annual audit.

The Company will closely monitor the progress of this expropriation and fulfil its information disclosure obligations in a timely manner.

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
WU Lei
Chairman of the Board

Shanghai, the PRC, 21 June 2024

As at the date of this announcement, the executive directors of the Company are Dr. WU Lei and Mr. ZHU Zhaokai; 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. XI Juntong, Dr. XU Jianxin and Dr. LIU Yunhong.

* For identification purposes only