

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



*

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

PROPOSED ELECTION OF DIRECTORS AND SUPERVISORS OF THE THIRD SESSION OF THE BOARD AND SUPERVISORY COMMITTEE

The board of directors (the “**Board**”) of Shanghai Electric Group Company Limited (the “**Company**”) is pleased to announce that, as the term of office for the second session of the Board of the Company will expire on 15 November 2010, pursuant to the PRC Company Law and the Articles of Association of the Company, the Board passed the resolution for the proposed election of the third session of the Board on 27 October 2010. The proposed third session of the Board shall comprise nine directors. The director candidates for the third session of the Board were thereby approved to comprise Mr. Xu Jianguo, Mr. Huang Dinan, Mr. Zhang Suxin, Mr. Yu Yingui, Mr. Zhu Kelin, Ms. Yao Minfang, Mr. Zhu Sendi, Mr. Cheung Wai Bun and Mr. Lui Sun Wing, among whom Mr. Zhu Sendi, Mr. Cheung Wai Bun and Mr. Lui Sun Wing are independent non-executive director candidates. The above election of the Board shall be subject to the shareholders’ approval at a general meeting of the Company. As approved by the Board, upon expiration of the term of the second session of the Board, the current Directors will continue to serve in their position until the third session of the Board are elected at such extraordinary general meeting.

As the term of office for the second session of the supervisory committee of the Company (the “**Supervisory Committee**”) will also expire on 15 November 2010, on 27 October 2010, the Supervisory Committee passed the resolution for the proposed election of the third session of the Supervisory Committee. The proposed third session of the Supervisory Committee shall comprise five supervisors, including two employee representative supervisors. The supervisor candidates for the third session of the Supervisory Committee are Mr. Dong Jianhua, Mr. Xie Tonglun, Mr. Li Bin, Mr. Zhou Changsheng and Mr. Zheng Weijian among whom Mr. Xie Tonglun and Mr. Li Bin are employee representative supervisor candidates. The election of the employee representative supervisors shall be subject to the approval by the employee representative meeting of the Company, and the

election of the non-employee representative supervisors shall be subject to shareholders' approval at an extraordinary general meeting of the Company. As approved by the Supervisory Committee, upon expiration of the term of the second session of the Supervisory Committee, the current supervisors will continue to serve in their position until the third session of the Supervisory Committee are elected at such extraordinary general meeting.

An extraordinary general meeting of the Company shall be convened on Wednesday, 15 December 2010 to approve the election of the Board and the Supervisory Committee. A circular containing, among other things, details of the election and notice to shareholders convening the extraordinary general meeting will be despatched to shareholders as soon as practicable.

Biographies of the candidates for the third session of the Board are as follows:

Xu Jianguo, aged 59, joined the Company in September 2006 and is the chief executive officer, chairman of the Board and an executive director of the Company. He is also the chairman of the board of Shanghai Electric (Group) Corporation. Mr. Xu has over 30 years of experience in industrial business management. Prior to joining the Company, Mr. Xu had been the deputy manager of Shanghai Daily Chemical Industrial Company, assistant to the director of Shanghai Light Industry Bureau, deputy director of Shanghai Light Industry Bureau, secretary of the communist party of Shanghai Light Industry Bureau, deputy director of the Economic Committee of Shanghai, head of Baoshan District, Shanghai, head of Huangpu District, Shanghai, deputy secretary of the Peoples' Government of Shanghai, and director of the Economic Committee of Shanghai. Mr. Xu graduated from Shanghai University of Finance and Economics with a master degree in Economics. He is a senior economist.

Huang Dinan, aged 44, joined the Company in March 2004 and is an executive director and the president of the Company. He is also the vice chairman of the board of Shanghai Electric (Group) Corporation. Mr. Huang has extensive experience in the power generation equipment industry. Since joining the parent group in 1989, Mr. Huang has held the positions of vice president of Shanghai Turbine Co., Ltd. from 1997 to 1999, president of Shanghai Turbine Co., Ltd. from 1999 to 2002, vice president of Shanghai Electric (Group) Corporation from 2002 to 2004 and president of Shanghai Electric (Group) Corporation from 2004 to 2009. Mr. Huang graduated from Tsinghua University with a master degree in engineering. He is a senior engineer of professor level.

Zhang Suxin, aged 46, joined the Company in May 2007 and is an executive director of the Company and the vice president of Shanghai Electric (Group) Corporation. Mr. Zhang has extensive experience in the power equipment industry and energy strategy research. Mr. Zhang served as assistant to the president and vice president of Shanghai Turbine Co., Ltd. from 2001 to 2002, and as the president of Shanghai Turbine Co., Ltd. from 2002 to 2004. Mr. Zhang had been the executive vice president of Shanghai Electric Power Generation Group, an assistant to the president and head of business development department of the Company from 2004 to 2008. Mr. Zhang graduated from Tsinghua University with a bachelor's degree in engineering science. Mr. Zhang is a senior engineer of professor level.

Yu Yingui, aged 60, joined the Company in March 2004 and is an executive director and the chief financial officer of the Company. Mr. Yu has over 35 years of extensive experience in the diesel engine manufacturing industry. Mr. Yu has been a member of the senior management of Shanghai Diesel Engine Co., Ltd., formerly one of the Company's listed subsidiaries, since joining the parent group in 1991. Mr. Yu was the vice president of Shanghai Diesel Engine Co., Ltd. from 1991 to 2000 and the president of Shanghai Diesel Engine Co., Ltd. from 2000 to 2004. Mr. Yu holds a master degree of Business Administration of the Shanghai University of Finance and Economics. He is a senior economist.

Zhu Kelin, aged 48, joined the Company in March 2004 and is the vice chairman of the Board and a non-executive director of the Company. Mr. Zhu has extensive experience in business administration and was the chairman of the board of Guangdong Zhujiang Investment Co., Ltd. from 2003 to 2007. Mr. Zhu has been the chairman of the board of Shenzhen Fengchi Investment Co. Ltd. Since May 2007, the chairman of the board of Guangdong Zhujiang Investment Joint Stock Co., Ltd. from December 2007 to February 2009 and from June 2009 to the present and the vice chairman of Guangdong Zhujiang Investment Holding Group Co., Ltd. since February 2008. Mr. Zhu graduated from University of Western Sydney with a master degree in business administration.

Yao Minfang, aged 43, joined the Company in November 2007 and is a non-executive director of the Company. She was the head and deputy manager for the investment department of Shenergy Company Limited from 2000 to 2006. Ms. Yao has been the deputy manager and manager of the investment management department of Shenergy Group Co. Ltd. since September 2006. Ms. Yao graduated from University of Shanghai for Science and Technology with a master degree in dynamics and is a senior engineer.

Zhu Sendi, aged 70, joined the Company in November 2008 and is an independent non-executive director of the Company. He is a special advisor and honorable director of experts committee of China Machinery Industry Federation, a member of Advisory Committee for State Informatization, a consultant of Chinese Mechanical Engineering Society, a member of Advisory Committee of China International Engineering Consulting Corporation and the honorable chairman of China Association for Mechatronics Technology & Application. Mr. Zhu also serves as an independent director of Taiyuan Heavy Machinery (Group) Co., Ltd., an independent director of Hangzhou Advance Gearbox Group Co., Ltd. Prior to these positions, Mr. Zhu successively worked as the deputy director and the director of office of China Academy of Machinery Science and Technology. He then successively served as the deputy director and the director of science and technology department, the director of comprehensive planning department, the director of industry development department, a member of the party committee and the chief engineer of the Ministry of Machinery Industry of the PRC. Mr. Zhu also worked as the chairman of the board of directors and president of China National Machinery & Equipment (Group) Corporation, the general manager of China National Machinery & Equipment Import & Export Corporation, the administrative deputy director of the Machinery Industry Planning & Review Committee, and executive vice president of China Machinery Industry Federation. Mr. Zhu graduated from Anhui University majoring in physics. Mr. Zhu is a senior engineer of professor level.

Dr. Cheung Wai Bun, Charles, J.P., aged 74, joined the Company in November 2004 and is an independent non-executive director of the Company. Dr. Cheung possesses the appropriate financial management expertise as required by the Listing Rules, including experience in internal controls reviewing or analyzing audited financial statements. Dr. Cheung is presently chairman of Joy Harvest International Limited, Hong Kong, director and vice chairman of Executive Committee of the Metropolitan Bank (China) Ltd, Senior Advisor of Metropolitan Bank & Trust Co. Philippines and an independent non-executive director and chairman of the respective audit committees of Pioneer Global Group Limited and Sunshine Capital Investments Group Limited (formerly Prime Investments Holding Limited), the latter two are companies listed on the main board of the Stock Exchange, independent non-executive director and chairman of Remuneration Committee of Grand T.G Gold Holding Limited (listed on Hong Kong GEM Board), independent non-executive director and director of Audit Committee of Zhuhai Commercial Bank Limited and advisor of Twin Wealth Group, Hong Kong. Dr. Cheung is also a Council Member of the Hong Kong Institute of Directors. Dr. Cheung was formerly chief executive and executive deputy chairman of Mission Hills Group, Hong Kong, and a former director and advisor of the Tung Wah Group. He has held senior management positions in various companies of different industries and possessed extensive experiences. Dr. Cheung holds an honorary doctor's degree from John Dewey University of USA majored in business administration and a master degree in business administration and a bachelor of science degree in accounts and finance from New York University. He was awarded Listed Company Non-Executive Director Award at the Hong Kong Directors of the Years Awards 2002. On August 30 2010, Dr. Cheung received 3 awards namely (1) Outstanding Management Award for the Year 2010 of The Chartered Management Association. (2) Outstanding Director Award for the Year 2010 of The Chartered Association of Directors. (3) Outstanding CEO Award for the Year 2010 of The Asia Pacific CEO Association in Hong Kong.

Dr. Lui Sun Wing, aged 60. He was the vice-president of Hong Kong Productivity Council from December 1992 to June 2000 in charge of the R&D, consultancy and training services, improvement of business administration and productivity to the industry. He then joined Hong Kong Polytechnic University as the vice-president from July 2000 to June 2010 responsible for partnership development, applied R&D and transformation of research results. Dr. Lui is the founding chairman and director of the Society of Automotive Engineers-HK, former president to the Hong Kong Association for the Advancement of Science and Technology as well as Honorary President and Honorary Advisors of various commercial, industrial and professional associations. Dr. Lui is also a non-executive director of EVA Precision Industrial Holdings Limited, Leeport (Holdings) Limited and Eco-Tek Holdings Limited. Dr. Lui obtained his PhD degree in mechanical engineering from the University of Birmingham in UK.

Biographies of the candidates for the third session of the Supervisory Committee are as follows:

Dong Jianhua, aged 45, joined the Shanghai Electric (Group) Corporation, as chief financial officer in April 2008. He has extensive experience in internal audit and supervision. Prior to joining, Mr. Dong was the assistant to the head, deputy head of infrastructure office (基建处) of Shanghai Municipal Audit Bureau, deputy head and head of Fixed Assets Investment and Audit Office (固定资产投资审计处), as well as head of

Audit Office (财政审计处) between 1987 and 2008. Mr. Dong has been involved in professional auditing for more than 23 years. Mr. Dong graduated from Shanghai Tongji University with a bachelor's degree in engineering. Mr. Dong is a senior economist.

Xie Tonglun, aged 54, joined the Company in March 2004. He is the employee representative of the Company. He is also the secretary of the communist party office, vice chairman of Shanghai Electric Labour Union and deputy secretary of commission for disciplinary inspection of Shanghai Electric (Group) Corporation. Mr. Xie was the deputy manager of the administration office of Shanghai Electric (Group) Corporation from 1996 to 2001 and the deputy secretary of the Commission for Discipline Inspection of Shanghai Electric (Group) Corporation from 2001 to 2004. Mr. Xie graduated with a degree in business administration from Shanghai Administration Institute.

Li Bin, aged 50, joined the Company in November 2007 and is an employee representative of supervisory committee of the Company and the head of the production line, head of product test team and senior technician of the computer numerically controlled plant of Shanghai Electric Hydraulic & Pneumatics Co., Ltd. Since 1980, Mr. Li was a worker of plant 2 of Shanghai Hydraulic Pump Factory, product test engineer and head of the product test team of computer numerically controlled plant of Shanghai Hydraulic Pump Factory. Mr. Li graduated from Shanghai Second Polytechnic University, majoring in electromechanical engineering. Mr. Li is a senior technician.

Zhou Changsheng, aged 45, joined the Company in November 2007 and is a supervisor of the Company, deputy head of the audit office of Shenergy Group Co. Ltd., and the chief auditor of Anhui Wuhu Nuclear Power Co., Ltd.. Mr. Zhou had been the deputy head of the treasury division of the finance department of Shanghai Meishan Co. Ltd., the manager of the finance department of Shanghai Bailian (Group) Co. Ltd., the director of the finance department of Shenergy Group Co. Ltd., a chief director and assistant to the head of the audit office of Shenergy Group Co. Ltd., a director of Shanghai Metro Construction Corporation Ltd. and chairman of the supervisory committee of Shanghai Shenjiang Specialty Steel Co. Ltd., Mr. Zhou holds a master degree. He is also a senior accountant and a Certified Public Accountant in PRC.

Zheng Weijian, aged 49, is the chairman of supervisory committee of Guangdong Zhujiang Investment Co., Ltd. Mr. Zheng has been the director of operational control center of Guangdong Zhujiang Construction Limited, the chairman of supervisory committee of Guangdong Zhujiang Investment Co., Ltd, a director of Shenzhen Yunfeng Guaranty&Investment Co.,Ltd., and a supervisor of Guangdong Zhicheng Investment Co., Ltd since January of 2008. He was a supervisor of the Company from 2004 to 2007. Mr. Zheng holds an MBA of Macau University of Science and Technology. He is also an accountant and senior International Finance Manager.

The emolument of each of the directors and supervisors will be determined in accordance with the remuneration policy of the Company as approved at the 2009 annual general meeting of the Company dated 22 June 2010.

Save as disclosed above, none of the directors and supervisors held any directorship in other public companies the securities of which are listed on any securities market in Hong

Kong or overseas in the last three years. Save as disclosed above, none of the directors and supervisors holds any position in the Company or any of its subsidiaries. Save as disclosed above, they do not have any other relationship with any director, senior management or substantial or controlling shareholder of the Company. None of them has any interests in the shares of the Company or its associated companies within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance. There is no other information to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, nor are there any other matters that need to be brought to the attention of the shareholders of the Company.

By Order of the Board
Shanghai Electric Group Company Limited
Xu Jianguo
Chairman of the Board

Shanghai, the PRC, 27 October 2010

As at the date of this announcement, the executive Directors are Mr. XU Jianguo, Mr. HUANG Dinan, Mr. ZHANG Suxin and Mr. YU Yingui; the non-executive Directors are Mr. ZHU Kelin and Ms. YAO Minfang; and the independent non-executive Directors are Mr. ZHU Sendi, Dr. CHEUNG Wai Bun and Mr. LEI Huai Chin.

** For identification purpose only*