



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: 2727)

DISCLOSURE OF INFORMATION

UPDATE TO SHAREHOLDERS

The Company has received notification on 14 August 2006 from the Communist Party of China Shanghai Commission for Discipline Inspection (the "**Commission**") (the "Notification"), the disciplinary arm of the PRC Communist Party in Shanghai, that Mr. Wang Chengming, Chairman of the Board is currently under investigations.

The Company believes, based on the Notification, that Mr. Wang is suspected of serious violation of certain rules and regulations of the PRC Communist Party in his personal capacity and for his personal acts and is therefore being detained for further investigations. The Company also believes, based on the Notification, that the said investigations do not relate to Mr. Wang in his role as a director of the Company, nor do they relate to the Company or its assets.

In this connection, the Company believes that the incident has not affected, and will not affect, the business and operations of the Company. The operations and business has not been affected in any way and is carrying on as usual.

The Company will use its best endeavours to make further inquiries in relation to this matter, with a view to ensuring that the Company's assets are in order. An announcement will be made should the Company become aware of any relevant updates or development in the said investigations or its inquiries.

As at the date of this Announcement, the executive Directors of the Company are Mr. WANG Chengming, Mr. CHEN Longxing, Mr. HUANG Dinan, Mr. HAN Guozhang, Mr. WANG Qiang, Ms. LI Manping, Mr. YU Yingui, the non-executive Directors of the Company are Mr. ZHANG Rongkun, Mr. ZHU Kelin, Mr. YAO Qun, Mr. LIN Haitao, Mr. WANG Minwen, Mr. LI Songjian and the independent non-executive Directors of the Company are Dr. YAO Fusheng, Dr. CHEUNG Wai Bun and Mr. LEI Huai Chin.

DEFINITIONS

"Board"	the board of directors of the Company
"Company"	Shanghai Electric Group Company Limited, a joint stock company with limited liability incorporated in the PRC and whose H shares are listed on the Stock Exchange
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"PRC" or "China"	The People's Republic of China which, for the purpose of this Announcement only, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board
Shanghai Electric Group Company Limited
Huang Dinan
Executive Director and President

Shanghai, the PRC, 14 August 2006

"Please also refer to the published version of this announcement in South China Morning Post."