



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)

ANNOUNCEMENT

Shanghai Electric Group Company Limited (the “**Company**”) was notified by Shantou Municipal Mingguang Investment Co., Ltd. (“**Mingguang**”) today that Mr. Li Songjian, a non-executive director of the Company, is suspected of certain criminal behaviors in his personal capacity, including misappropriation of public funds, and has therefore been arrested by the prosecutor. Mr. Li is the chairman of the board of Mingguang, one of the promoters of the Company. As a non-executive director, Mr. Li does not participate in the daily management and operation of the Company, and does not hold any position with any subsidiary or any committee of the Company.

Further announcements will be made in due course should there be any relevant updates.

As at the date of this Announcement, the executive Directors of the Company are, Mr. XU Jianguo, Mr. CHEN Longxing, Mr. HUANG Dinan, Mr. WANG Qiang, Ms. LI Manping, Mr. YU Yingui, the non-executive Directors of the Company are 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.

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

Shanghai, the PRC, 10 January 2007

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