



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)

CHANGES IN DIRECTORSHIPS

Mr Wang Chengming, aged 58, has resigned as executive director of the Company with effect from 18 August 2006. Mr Wang was the Chairman and the CEO of the Company during his appointment as a director of the Company. Mr Wang's resignation is concurrent with his resignation as a director and the chairman of Shanghai Electric Group Corporation. Mr Wang has confirmed that his resignation is due to personal reasons and that he has no disagreement with the Board.

Mr Han Guozhang, aged 58, has resigned as executive director of the Company with effect from 18 August 2006. Mr Han's resignation is concurrent with his resignation as a vice-president of Shanghai Electric Group Corporation. Mr Han has confirmed that his resignation is due to personal reasons and that he has no disagreement with the Board.

Mr Zhang Rongkun, aged 33, has resigned as non-executive director of the Company with effect from 18 August 2006. Mr Zhang has confirmed that his resignation is due to personal reasons and that he has no disagreement with the Board.

Save as disclosed previously in the announcements made by the Company on 11 August 2006 and 15 August 2006, the Company is not aware of any matters in connection with the resignations of Mr Wang, Mr Han and Mr Zhang that should be brought to the attention of the shareholders.

The Board is pleased to announce that Mr Xu Jianguo has been proposed by the Board to be appointed as a director of the Company. According to Article 100 of the Articles of Association of the Company, the appointment of Mr Xu is subject to shareholders' approval at a general meeting. Shanghai Electric Group Corporation, the controlling shareholder of the Company, holding 51.59% of the issued share capital of the Company, has provided an undertaking to the Company that it will exercise the voting rights in respect of its entire shareholding to vote in favour of Mr Xu's appointment. An extraordinary general meeting will be convened to approve Mr Xu's appointment and the Board will make the requisite announcement pursuant to Rule 13.51(2) once Mr Xu's appointment is effective. Subject to Mr Xu's appointment as a director, the Board intends to appoint Mr Xu as the Chairman and the CEO of the Company.

Mr Xu Jianguo, aged 55, graduated from Shanghai University of Finance and Economics and was awarded a bachelor degree in Industrial Economics. He also holds a master degree in Economics. He is a senior economist and a part-time lecturer of Shanghai University of Finance and Economics. Mr Xu had been the deputy manager of Shanghai Daily-used Chemical Industrial Company (上海日用化學工業公司), assistant director of Shanghai Light Industry Bureau, assistant director of Shanghai Light Industry Bureau, secretary of the communist party of Shanghai Light Industry Bureau, deputy director of the Economic Committee of Shanghai, regional supervisor of Baoshan, Shanghai, regional supervisor of Huangpu, Shanghai, deputy secretary of the Peoples Government of Shanghai, and director of the Economic Committee of Shanghai. Mr Xu is the chairman of Shanghai Electric Group Corporation.

As at the date of this Announcement, the executive Directors of the Company are 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
Huang Dinan
Executive Director and President

Shanghai, the PRC, 18 August 2006

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