



上海电气
SHANGHAI ELECTRIC

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)

**CONVERSION OF SHARES IN
LISTED SUBSIDIARY TO TRADABLE A SHARES**

Reference is made to the announcement of the Company dated 28 September 2006 in relation to the conversion of shares the Company holds in its listed subsidiary, Shanghai Power, from non-tradable shares to tradable A shares (the "Announcement"). Capitalized terms in this announcement have the same meanings as those defined in the Announcement unless the context otherwise requires.

The Directors are pleased to announce that the conversion has been completed on 7 November 2006 and the 83.75% share capital held by the Company in Shanghai Power now comprises Tradable A Shares. The consideration paid to A shareholders of Shanghai Power for the conversion of the 83.75% non-tradable shares held by the Company in Shanghai Power into Tradable A Shares was fully paid in cash by Shanghai Electric Group Corporation. The Tradable A Shares held by the Company are fully tradable except that the Company has undertaken not to, for a period of 36 months from the date of conversion, sell any of the converted shares on the Shanghai Stock Exchange.

As at the date of this announcement, there are 14 Directors on the Board, consisting of 6 Executive Directors, 5 Non-Executive Directors and 3 Independent Non-Executive Directors. They are: Xu Jianguo, Chen Longxing, Huang Dinan, Wang Qiang, Li Manping, Yu Yingui as Executive Directors; Zhu Kelin, Yao Qun, Lin Haitao, Wang Minwen, Li Songjian as Non-Executive Directors; and Yao Fusheng, Cheung Wai Bun, Lei Huai Chin as Independent Non-Executive Directors.

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

Shanghai, the PRC, 8 November 2006

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