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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)

VOLUNTARY ANNOUNCEMENT

This is a voluntary announcement made by Shanghai Electric Group Company Limited (the “**Company**”).

On 12 December 2011, the board of directors (the “**Board**”) of the Company considered and passed a resolution for the Company to enter into a single fund trust agreement to invest in the Hong Kong market with Shanghai International Trust Co., Ltd (“**Shanghai Trust**”). The Board has approved the Company as the single trust settlor to subscribe for “Shanghai Trust Platinum Series - single fund trust product invested in the Hong Kong market” (“**Trust Product**”) with a subscription amount of RMB equivalent to USD60 million. The trust fund will be used mainly to subscribe for the H shares of Beijing Jingneng Clean Energy Co., Limited (“**Jingneng**”) which has strategic co-operation with us in connection with its initial public offering in Hong Kong. The main business of Jingneng is new energy power generation. Jingneng is the largest gas-fired power provider in Beijing and the sole wind power operator in Beijing. The trustee is Shanghai Trust and the domestic custodian bank is Industrial and Commercial Bank of China Limited. The term of Trust Product is no longer than eight years and the lock-up period is no less than one month. The Company is entitled to terminate this trust plan on the last working day of each month after the lock-up period of the Trust Product ends.

The Board has authorized the executive director of the Company, Mr. Yu Yingui, as the authorized representative of the Company to sign the relevant trust agreements regarding the Trust Product and to give the trust settlor's instruction on the operation of trust fund within the duration period.

The registered capital of Jingneng is RMB 5billion. The following table sets out the key financial information of Jingneng for the period indicated:

	For the year ended December 31, 2010 (RMB million)	For the six months ended June 30, 2011 (RMB million)
Total assets	20,849	21,439
Net assets	7,074	7,440
Revenue	3,643	1,892
Net profit	489	404

The offering size of Jingneng's initial public offering of its H shares is expected to be US\$ 232 million--US\$256million and its offer price will be not more than HK\$1.75 per H share and is currently expected to be no less than HK\$1.59 per H share.

The information contained in this announcement regarding Jingneng and its initial public offering in Hong Kong is from Jingneng's listing document published on its website at <http://www.jncec.com/> and the website of the Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk/index.htm>.

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

Shanghai, the PRC, 12 December 2011

As at the date of this announcement, the executive directors of the Company are Mr. XU Jianguo, Mr. HUANG Dinan, Ms. XU Ziyang and Mr. YU Yingui; the non-executive directors of the Company are Mr. ZHU Kelin and Ms. YAO Minfang; and the independent nonexecutive directors of the Company are Mr. ZHU Sendi, Dr. CHEUNG Wai Bun and Dr. LUI Sun Wing.

* *For identification purpose only*