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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**”).

Reference is made to the announcement of the Company dated 12 December 2011 (the “**Announcement**”) in relation to the subscription of the Trust Product by the Company to subscribe for the H shares of Jingneng. Unless otherwise indicated, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement.

As at the date of this announcement, the initial public offering of the H shares by Jingneng has been successfully launched. The Company has used HK\$387,440,000 under the Trust Product to subscribe for a total of 232,000,000 H shares of Jingneng with a share price of HK\$1.67 per H share, representing 20.43% of the total issued H shares of Jingneng. After deducting the fund custodian fee, the Company plans to redeem the remaining fund under the Trust Product and reduce the scale of trust fund accordingly.

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

Shanghai, the PRC, 21 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*