

Shanghai Mechanical & Electrical Industry Co., Ltd.'s Announcement about the Listing and Trading of the Restricted Circulating Shares

The company's board of directors and all the directors guarantee that the report do not have any false records, misleading statement or significant omission, and individually and collectively undertake the responsibility for the correctness, accuracy and completeness of its content.

Important reminder:

- Number of the listed restricted circulating shares: 483,520,364 shares
- The listing and trading date of the restricted circulating shares: August 17, 2009

I. The Company's Non-Tradable Share Reform

1. The Company's non-tradable share reform was approved by the shareholder's meeting on July 21st, 2006 with a date of record on August 15th, 2006 and a resumption of trading date on August 17th, 2006.

2. The non-tradable share reform's consideration arrangement

If the audited net profit of Shanghai Mechanical & Electrical Industry Co. Ltd. (Shanghai M & E) in 2006 does not reach RMB 340.9131 million (which means as at March 31st, 2006, based on the Company's total equity of 852,282,757 shares, profit per share does not reach RMB 0.40), or it fails to obtain the standard audit report without reserved opinions from the auditing agency, Shanghai Electric (Group) Corporation will pay a cash consideration to the unrestricted circulating A-shareholders registered on the record date of the consideration, with a total of RMB 53.830656 million (which amounts to the rate of RMB 2 per 10 shares based on the Company's 269,153,280 circulating A-shares as at March 31st, 2006). The total consideration amount will not change if the Company's equity has changed between the reform implementation date and the record date of the consideration. If the condition of the cash consideration is enabled, Shanghai Electric (Group) Corporation will pay the cash consideration according to the procedures of Shanghai Stock Exchange and fulfill the commitment within 10 trading days after the resolution announcement of the annual shareholders meeting.

3. The implementation of the consideration arrangement:

The audited net profit of Shanghai Mechanical & Electrical Industry Co. Ltd. in 2006 was RMB 401.5145 million, which is greater than RMB 340.9131 million and does not meet the condition of the consideration arrangement. Therefore, the consideration is not implemented.

II. Commitments on the Listing and Trading of the Restricted Circulating Shares in the Non-Tradable Share Reform

1. Shareholders' special commitments in the non-tradable share reform

(1) The Company's sole non-tradable shareholder Shanghai Electric Group Co., Ltd. has made the following special commitments:

The non-tradable shares of Shanghai M & E held by Shanghai Electric Group Co., Ltd. shall not be traded at Shanghai Stock Exchange within 36 months from the date when the non-tradable shares reform is implemented.

(2) Special commitments by the Company's actual controller Shanghai Electric Group Corporation:

a) Within one or two years after the approval of the non-tradable shares reform, Shanghai Electric (Group) Corporation will actively support its subsidiary Shanghai Mechanical & Electrical Industry Co. Ltd. in its industrial integration and help it develop into a core operation platform for integrated industries in elevator manufacturing, refrigerator and air conditioner manufacturing, printing and packing machinery, construction machinery, and wood-based panel machinery. In the near future, Shanghai Electric (Group) Corporation will provide full support to Shanghai M & E on its integration of the parent company's printing and packing machinery business.

b) The commitments on the consideration arrangement. Please see I/2 "The non-tradable share reform's consideration arrangement" for details.

2. The implementation of the shareholders' commitments

(1) The Company's sole non-tradable shareholder Shanghai Electric Group Co., Ltd.'s special commitments

As of the date of the announcement, Shanghai Electric Group Co., Ltd has strictly adhered to its commitments.

(2) Special commitments by the Company's actual controller Shanghai Electric Group Corporation:

As of the date of the announcement, the implementation of Shanghai Electric Group Corporation's special commitments is as follows:

a) The commitment on the business integration

Shanghai Electric Group Corporation has fulfilled its commitment to support the Company in purchasing the foreign entity of the parent company's sheet-fed offset press business. In February 2009, the Company's board of directors approved the purchase of 50% equity of Shanghai Purlux Machinery Co., Ltd. and 50% equity of Shanghai Guanghua Printing Machinery Co., Ltd. from Ziwen Investment Co., Ltd. as well as 50% equity of Akiyama International Co. Ltd. from Bowton Limited. In April 2009, the involved parties signed the contract and completed the equity transaction. The series of acquisitions consolidated the fragmented equity in the printing machinery business and eliminated the obstacles in the integration process. Shanghai Printing and Packing Machinery Co., Ltd. will integrate its organizational structure, technologies, management, and human resources, impel integrated management and operation, achieve the synergistic effect in the integration of the business segments' research and development, manufacturing, sales, and finance, control and lower expenses, increase profits, and maximize the business value by creating the synergistic effect so as to improve its overall competitiveness in the printing machinery business.

b) The special commitment on the consideration arrangement

The audited net profit of Shanghai Mechanical & Electrical Industry Co. Ltd. in 2006 was RMB 401.5145 million, which is greater than RMB 340.9131 million and does not meet the condition of the consideration arrangement. Therefore, the consideration is not implemented.

III. The Company's Equity Structure Changes and the Shareholding Changes Since the Reform

1. The equity structure changes due to share distribution and converted shares since the reform

The Company's 2007 Shareholders Meeting approved the proposal on 2007 additional share issuing by converting capital reserve, and it was implemented in July 2008. Based on the total equity of 852,282,757 shares as at the end of 2007, additional shares were issued to all shareholders by converting capital reserve, issuing 2 additional shares for every 10 shares. After the conversion, the Company's total equity is increased to 1,022,739,308 shares.

2. Changes in the ratio of restricted circulating shares held by the shareholders

Unit: Share

Name of Shareholders	Implementation Date of the Non-Tradable Share Reform		Changes			As of the Listing and Trading Date of the Restricted Circulating Shares	
	Number of Restricted Circulating Shares Held	Ratio to the Total Equity (%)	Time of Changes	Cause of the Change	Number of Shares Changed	Remaining Restricted Circulating Shares	Ratio to the Total Equity (%)
Shanghai Electric Group Co., Ltd.	402,933,637	47.28	July 10 th , 2008	Equity converted from Capital Reserve	80,586,727	483,520,364	47.28

IV. Solution to the controlling shareholder's embezzlement

There is no controlling shareholder's embezzlement.

V. Sponsors' verification opinion

The sponsor of the Company's non-tradable share reform is Haitong Securities. The sponsor's verification opinion is:

After verification, the sponsor believes that Shanghai M & E's relevant shareholders and actual controller has fulfilled their commitments in the non-tradable share reform, and the Shanghai M & E's board of directors' application to list and trade the restricted circulating shares are in accordance with the relevant regulations.

VI. Information on the Restricted Circulating Shares

1. The number of the restricted circulating shares to be listed is 483,520,364 shares.
2. The listing and trading date of the restricted circulating shares is August 17, 2009
3. The details of the listed restricted circulating shares

Unit: Share

Number	Name of Shareholder	Number of Restricted Circulating Shares Held	Ratio to the Total Equity (%)	Listed Shares	Remaining Restricted Circulating Shares
1	Shanghai Electric Group Co., Ltd.	483,520,364	47.28	483,520,364	0
Total	-	483,520,364	47.28	483,520,364	0

4. The difference between the listing of the restricted circulating shares and the content of the Non-Tradable Share Reform Statement

The listing of the restricted circulating shares are in full accordance with the Non-Tradable Share Reform Statement

5. The previous listing of restricted shares

It is the first time for the Company to list the restricted shares (restricted to those formed by the non-tradable share reform).

VII. A Structural Table of the Equity Change

Unit: Share

		Before the Listing	Shares Changed	After the Listing
Restrict ed Circulati ng Shares	1. State Owned Shares			
	2. State Legal Person Owned Shares	483,520,364	-483,520,364	0
	3. Other Domestic Legal Person Owned Shares			
	4. Domestic Natual Person Owned Shares			
	5. Foreign Legal Person and Natural Person Owned Shares			
	6. Other Strategic Investors' Share Placement			
	7. General Legal Person's Share Placement			
	8. Other			
	Total of Restricted Circulating Shares	483,520,364	-483,520,364	0
Unrestrict ed Circulati ng Shares	A Shares	322,983,936	483,520,364	806,504,300
	B Shares	216,235,008	0	216,235,008
	H Shares			
	Other			
	Total of Unrestricted Circulating Shares	539,218,944	483,520,364	1,022,739,308
Total Shares		1,022,739,308	0	1,022,739,308

All the matters above are announced hereby.

The Board of Directors of Shanghai Mechanical & Electrical Industry Co., Ltd.

Date: April 11th, 2009

Documents for reference:

1. The Board of Directors' Application Form on the Listing and Trading of the Restricted Circulating Shares
2. Proof of Inquiries on Shares Held by Registered Investors
3. The sponsor's verification opinion