

2008 Profit Distribution and Implementation Announcement of Shanghai Mechanical and Electrical Industry Co., Ltd.

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.

Critical Notes:

- Before-tax and after-tax cash dividends per share

	Unit: Yuan
Cash dividends per share (before tax)	0.100
Cash dividends per share (after tax)	0.090
Cash dividends per B-share	0.014654 dollars

- Date of record

Date of record	July 3 rd , 2009
Date of record of B-share	July 8 th , 2009
Last trading day of B-share	July 3 rd , 2009

- Ex-dividend (interest) date: July 6th, 2009

- Date of cash dividends distribution

Date of cash dividends distribution	July 10 th , 2009
Date of B-share cash dividends distribution	July 15 th , 2009

I. The Shareholders Meeting approving the distribution and capital stock transfer plans

2008 Profit Distribution Proposal of Shanghai Mechanical and Electrical Industry Co., Ltd. was approved by its 2008 Shareholders Meeting on May 21st, 2009, with the announcement published in *China Securities Journal*, *Shanghai Securities News*, *Wen Wei Po* and the official website of Shanghai Stock Exchange on May 22nd, 2009.

II. Distribution and capital stock transfer plans

1. Year of distribution: 2008
2. Range: All shareholders.
3. The distribution has a base number of 1,022,739,308 shares, based on which each shareholder is to receive RMB1.00 (before-tax) cash dividend per 10 shares, or RMB0.90 after-tax cash dividend per 10 shares. The total distributed dividend is RMB 102,273,930.80.
4. Dividend payees:

All shareholders registered at China Securities Depository and Clearing Corp. Ltd. (Shanghai) by the trading date of July 3rd, 2009 (A-share) or July 8th, 2009 (B-share).

III. Date of distribution

- Date of record

Date of record	July 3 rd , 2009
Date of record of B-share	July 8 th , 2009
Last trading day of B-share	July 3 rd , 2009

- Ex-dividend (interest) date: July 6th, 2009

- Date of cash dividends distribution

Date of cash dividends distribution	July 10 th , 2009
Date of B-share cash dividends distribution	July 15 th , 2009

IV. Dividend distribution and capital stock transfer procedures

1. The dividends of Circulating A-shareholders are to be distributed to the shareholders registered on the date of record at the branches of Shanghai Stock Exchange through the capital settlement system of China Securities Depository and Clearing Corp. Ltd. (Shanghai). The investors who have finished the designated transactions may receive their cash dividends from their designated stock exchanges on the distribution date. The dividends of those who have not finished the designated transactions will be temporarily preserved by China Securities Depository and Clearing Corp. Ltd. (Shanghai) until such transactions are done.

2. For A shares held by individual shareholders, according to the Ministry of Finance and the State Administration of Taxation's "Notification on policies on personal income tax on the dividends" issued on June 30th, 2005, 10% personal income tax will be deducted, and the distributed cash dividend after-tax will be RMB 0.090 per share. The Company entrusts China Securities Depository and Clearing Co., Ltd. (Shanghai) to distribute the dividends after deducting personal income tax.

3. For A shares held by the Qualified Foreign Institutional Investors (QFII), according to the State Administration of Taxation's "Notice on Chinese resident companies paying QFII dividends, bonus, and interest withholding business income tax" issued on January 23rd, 2009, business income tax will be deducted, and the distributed cash dividend after tax will be RMB 0.090 per share. The Company entrusts China Securities Depository and Clearing Co., Ltd. (Shanghai) to distribute the dividends after deducting business income tax.

4. Institutional investors who fall under the definition of "resident companies" according to the "Enterprise Income Tax Law" and hold the Company's A shares, shall be responsible for paying the income tax, and the Company will not deduct their income tax for them. The actual cash dividend per share is RMB 0.100. For those non-resident company shareholders other than what the Company knows of, the Company will not deduct income tax on their behalf, and such shareholders shall pay income tax on cash dividend where it occurs according to the "Enterprise Income Tax Law of the People's Republic of China."

5. For B shareholders, according to the mean price of USD to RMB (1:6.8239) announced by the People's Bank of China on May 22nd, 2009, the first working day after the resolution date of the

2008 Shareholders Meeting, cash dividend is paid at USD 0.014654 per share.

6. The dividends of B-shareholders are to be distributed through China Securities Depository and Clearing Corp. Ltd. (Shanghai). The investors may receive their cash dividends from their respective broker houses. The dividends of those who have not respective broker houses will be temporarily preserved by China Securities Depository and Clearing Corp. Ltd. (Shanghai) until such transactions are done.

V. Inquiries

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VI. References

The Resolution and Announcement of 2008 Shareholders Meeting of Shanghai Mechanical & Electrical Industry Co., Ltd.

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

June 30th, 2009