

Resolution Announcement of the 6th Session of the 6th Board Meeting of Shanghai Mechanical & Electrical Industry Co., Ltd.

The company and all the members of the board of 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.

The Notice of the 6th Session of the 6th Board Meeting was sent in written form to directors and supervisors on Dec. 23rd, 2009. The Meeting was convened at the Company's conference room on Dec. 30th, 2009 with all 11 directors participating. Presided over by Chairman Xu Jianguo and attended by the supervisors and other relevant personnel. The Meeting was in accordance with the related laws, rules, regulations and articles of association. Supervisors and related persons attended the meeting. The following were reviewed and approved at the meeting:

1. Approval of disposing of part of Shanghai Welding Equipment Co., Ltd.'s fixed assets and inventory;

Shanghai Welding Equipment Co., Ltd. is one of the Company's affiliated companies. It is facing losses, and welding equipment belongs to light heavy industries and no longer fits into the Company's growth strategy. Therefore, the Board of directors has decided to gradually withdraw from welding business. In view of this, the Board agreed to dispose of part of Shanghai Welding Equipment's fixed assets and inventory. Part of the above mentioned fixed assets will be disposed at the net value of no less than 14.4602 million yuan. The net book value of such fixed assets is 20.0892 million yuan. The accumulated net book value of the inventory to be disposed is 42.811 million yuan, and the net assessment value is 35.7205 million yuan. During the actual disposal, the quantity will be based on the actual number on the inventory day, and the unit price of the inventory is based on the net assessment price.

2. Approval of selling Shanghai Guanghua Printing Machinery Co., Ltd.'s premises at Jinggu Road;

The Company is currently integrating its printing machinery business. In order to centralize resources, revitalize premises assets, and provide part of the funding for the printing machinery operation reform and adjustment, the Board has agreed to sell part of Shanghai Guanghua Printing Machinery Co., Ltd.'s premises at no less than the assessed price through auction. The premises to be auctioned off is located at No. 250 and No. 319 Jinggu Road, including the land use right, premises ownership, and associated facilities and equipment. The above mentioned premises and associated facilities and equipment's book value is 43.8899 million yuan, and the assessed value is 80.6504 million yuan.

3. Approval of Mr. Gu Zhiyi's resignation from the position of Deputy General Manager due to retirement.

The Board of Directors would like to thank Mr. Gu Zhiyi for his hard work with the Company!

The proposals were approved by all the board directors participated in the voting. The proposals were passed.

The Board of Directors of Shanghai
Mechanical & Electrical Industry Co., Ltd.
December 31st, 2009

The Assets Assessment Report on Shanghai Guanghua Printing Machinery Co., Ltd.'s Land Use Rights, Premises, and Associated Facilities and Equipment to be Sold

Shanghai-Yinxinhuiye-Ping-Bao-Zi [2009] No. B1234

Text

Entrusted by Shanghai Guanghua Printing Machinery Co., Ltd., Shanghai Yinxinhuiye Appraisal Co., Ltd. (hereinafter referred to as the Company) has appraised Shanghai Guanghua Printing Machinery Co., Ltd.'s land use rights, premises and associated facilities and equipment to be sold in accordance with relevant provisions and based on independent, objective, impartial, and scientific principles. In accordance with required procedures, the Company's appraisal staff carried out the field survey, market research, and verification on the appraisal assets and made a fair assessment of the assets' market value on the appraisal base date of August 31st, 2009. The details and results of the assets assessment are as follows:

I. Entrusting party, property owner, and other users of the assessment report.

1. Entrusting party and property owner:

Name of the Company: Shanghai Guanghua Printing Machine Co., Ltd.

Address: No. 520 Zhenda Rd. Baoshan District, Shanghai

Company's legal representative: Ouyangchangjian

Registered Capital: USD 22,792,000 (Actually received: USD 2,272,000)

Company Type: Joint venture

Business scope: manufacturing printing and packaging machinery, related mechanical and electrical products, color/black casting, heat treatment; maintenance of domestic and international printing and packaging machinery; development of technical software and consulting services, and sales of own products (operate with licenses if applicable).

2. Other users of the report: Other than the entrusting party, other parties who shall use the assessment report for economic activities related to the purpose of the appraisal as stipulated by law and regulations.

II. The purpose of the assessment

To provide reference value for selling Shanghai Guanghua Printing Machinery Co., Ltd.'s land use rights and premises and associated facilities and equipment at No. 250 and No. 319 Jinggu Road. Regarding the corresponding economic activities for this purpose, Shanghai Guanghua Printing Machinery Co., Ltd. has submitted an application to its parent company Shanghai Electric Group Printing and Packaging Machinery Co., Ltd. and is pending approval.

III. The target of the assessment

(A) The target of the assessment is Shanghai Guanghua Printing Machinery Co., Ltd.'s

land use rights and premises and associated facilities and equipment at No. 250 and No. 319 Jinggu Road to be sold.

(B) The scope of this assessment is as of August 31, 2009, Shanghai Guanghua Printing Machinery Co., Ltd.'s land use rights and premises and associated facilities and equipment at No. 250 and No. 319 Jinggu Road to be sold. Prior to the assessment, the total assets book value is RMB 43,889,849.79 yuan, of which, fixed assets - premises and associated facilities and equipment 27,797,886.98 yuan, and intangible assets - land use rights 16,091,962.81 yuan.

An overview of the appraised assets:



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According to the Shanghai real estate title certificate "Shanghai Fangdichan-Zi (2004) No. 000368" provided by the entrusting party, the No. 250 Jinggu Road plant's details are as follows: the nature of land use rights is industrial transfer, the total land (hill) area is 28,727 square meters, and the use period is from November 11, 2004 to November 10, 2054. There are 13 premises with title certificates, total construction area 15,075 square meters, completed in 1986, mostly mixed steel structure. There are 10 premises without title certificates, with total construction area declared at 5,581 square meters.

According to the Shanghai real estate title certificate "Shanghai Fangdichan-Zi (2004) No. 000367" provided by the entrusting party, the No. 319 Jinggu Road plant's details are as follows: the nature of land use rights is industrial transfer, the total land (hill) area is 2,716 square meters, and the use period is from November 12, 2004 to November 11, 2054. There are 3 premises with title certificates, total construction area 705.99 square meters, completed in 1998, mostly mixed brick structure. There is 1 building without the title certificate, total construction area declared at 48 square meters.

Building 1-12 at No. 250 Jinggu Road and Building 1-3 at No. 319 Jinggu Road and their corresponding land-use area has been pledged to the Shanghai Electric Group Finance Co., Ltd. The claiming period is from November 28, 2008 to November 28, 2013. It is located in the old Minhang District, adjacent to the A4 Highway. The land is regularly rectangle-shaped, flat, arable, and with "the 6+1 basic development conditions." It is located on Jinggu Road near Huaning Road.

The above listed assessment scope coincides with the appraised assets' assessment scope.

IV. Value type and definition

The "assessment value" in the report is the market value. Market value refers to assessed value of the target on the appraisal base date in normal and fair trading between the voluntary buyer and the voluntary seller based on rational judgment and without any compulsion.

V. The appraisal base date

Based on the requirement of the assessment purpose, the appraisal base date of this project is August 31st, 2009. The market price on this appraisal base date is used as the base of all calculations of the assessment.

VI. The basis of the assessment

(I) Regulations and guidelines

1. "Administrative Measures on State-Owned Assets Assessment" [State Council Order No. 91];
2. "Detailed Rules on Administrative Measures on State-Owned Assets Assessment" [Guo-Zi-Ban-Fa (1992) No. 36];
3. Ministry Of Finance's Notification on the "Assets Assessment Report's Basic Content and Format (Interim)" [Cai-Ping-Zi (1999) No. 91];
4. "Assets Assessment Practice (Trial)" [Guo-Zi-Ban-Fa (1996) No. 23];



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5. "Certified Appraisers' Guidelines on Legal Ownership of Assessment Objects" (Chinese Institute of Certified Public Accountants 2003);
6. "Assets Assessment Guidelines - Basic Principles" (Cai-Qi (2004) No. 20);
7. "Assets Assessment Code of Ethics - Basic Principles" (Cai-Qi (2004) No. 20);
8. "Enterprise Assessment Guidelines (Trial)" (China Appraisal Society, December 30, 2004);
9. China Appraisal Society's Notification on the Issuance of Seven Assets Assessment Criteria including "Assets Assessment Criteria - Assessment Report" [Zhong-Ping-Xie (2007) No. 189];
10. "State-Owned Assets Assessment Guide";
11. Other relevant laws, regulations and assessment guidelines.

(II) Activity basis

1. Shanghai Guanghua Printing Machinery Co., Ltd.'s application report;
2. Assets assessment agreement.

(III) The property right basis

1. Shanghai Guanghua Printing Machinery Co., Ltd.'s business license;
2. Shanghai Guanghua Printing Machinery Co., Ltd.'s real estate title certificates;
3. Documents on the final acceptance of premises construction;
4. Receipts and documents when purchasing the assets.

(IV) Price basis

1. The current market price of machinery and equipment;
2. Construction cost in Shanghai;
3. Deposit and lending rates announced by the People's Bank of China;
4. Accounting books, vouchers, and other accounting information provided by the entrusting party;
5. Mechanical and electrical products' price query system;
6. Relevant data and information collected by the appraisers on site;
7. Relevant information obtained through market research and consulting.

VII. Assessment methods

1. The market method is applied to the land use right assessment;
2. Replacement cost method is applied to the premises and associated facilities and equipment assessment.

VIII. Assessment process

Upon accepting the appraisal entrustment, in accordance with relevant principles and provisions on assets assessment and the assessment agreement between the Company and the entrusting party, the Company organizes its appraisers to make assessment of the assets within the assessment scope. The process includes accepting the entrustment, assets clarification, assessment and calculation, assessment summary, and reporting, etc.



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The details are as follows:

1. Accepting the entrustment

To understand the current status of the assets, learn about the nature, purpose, and scope, and sign the assets assessment agreement. Organize an appraisal team to develop an assets assessment plan and detailed work schedule.

2. Asset clarification

The person in charge of the appraisal project assists Shanghai Guanghua Printing Machinery Co., Ltd. in completing the assets appraisal declaration report based on the appraisal plan. In order to ensure that the information is true and complete, Shanghai Guanghua Printing Machinery Co., Ltd. is required to thoroughly review their assets with the appraisers' in-advance participation, and at the same time necessary materials on laws, regulations, and industry and business information required by the assets assessment shall be gathered and title certificates related to the assets shall be acquired.

3. Assessment and calculation

According to the principles and provisions of assets assessment, based on the assessment scope and specific target, learn about the assets' history and current status, further review the assets assessment declaration report filled out by Shanghai Guanghua Printing Machinery Co., Ltd., and verify the data as necessary. Check, review, record, and analyze the quality and quantity of the actual assets. At the same time conduct market research and price query, collect related price information, and use the selected assessment method to assess the assets.

4. Assessment summary

Based on the preliminary assessment results of the assets, make analysis, verify that there are no duplications or omissions during the assessment, and based on the analysis, adjust, modify and improve the assessment results.

5. Reporting

Based on the assessment, draft an assessment report. After audited by the Company (three steps), the final assessment report is issued.

The assessment started on September 18th, 2009 and was completed on September 24th, 2009.

IX. Assessment assumptions

1. The assessment is based on the assumed premise that the assets can continue to be used.

2. The assessment is based on the assumed condition that all the documentation provided by the entrusting party is true, valid, and accurate.

3. The assessment is based on the assumed condition that there is no significant change in the state's macroeconomic policies or the regional socio-economic environment.

4. The assessment is based on the assumed condition that there is no significant change in the entrusting party's business operations or tax policies, loan interest rates, exchange rates, etc. that was used as the basis of the assessment.

5. The assessment is based on the assumed condition that no case of natural forces,



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other force majeure factors, or any special trading method's impact on the assessment is taken into account.

6. Other than matters that have been learned about or disclosed, the assessment is based on the assumed condition that the assessed assets do not have collateral, guaranty, or significant subsequent matters, and the assessed assets are entitled to legitimate rights.

The assessment report and the results are based on the above assumptions as well as the basis, conditions, methods and procedures specified in the assessment report. If the above premise and assumptions change, the assessment report and the results will generally automatically become invalid.

X. Assessment results

Based on the above assessment methods and calculation standards, under the purpose of this assessment, Shanghai Guanghua Printing Machinery Co., Ltd.'s land use rights and premises and associated facilities and equipment to be sold are assessed at **RMB80,650,400.00 yuan** on the appraisal base date of August 31st, 2009.

Summary of the Assessment Results

Unit: RMB 10,000 yuan

Item	Book value	Estimated value	Increased or decreased value	Increased or decreased rate %
Fixed assets – premises and associated facilities and equipment	2,779.79	3,450.04	670.25	24.11
Intangible assets - land use rights	1,609.20	4,615.00	3,005.80	186.79
Total assets	4,388.99	8,065.04	3,676.05	83.76

For detailed assessment results, please see the assessment form.

XI. Notes on special matters

1. The assessment conclusions are based on independent, objective, and scientific principles. There are no special relations between the Company's appraisers who participated in the assessment and the entrusting party. The appraisers followed industry standards and made fair assessment.

2. For the entrusting party's defect matters that may affect the assets assessment value, if the appraisers have followed the assessment procedures but still cannot learn about the matters or collect the related information, the Company and the appraisers do not bear the relevant responsibilities.

3. The Company did not audit the Client's business license, warrants, accounting documents, books, or other information, and is not responsible for the authenticity of the above information.

4. After the appraisal base date, within the validity, if the quantity and price standard of the



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assets change, the following principles shall be followed:

If after the appraisal base date, the quantity and price standard of assets change and result in evident changes in the assessment value of the assets, the client shall promptly engage a qualified asset assessment institution to reassess the value.

5. The project's certified appraisers are aware that liquidity of the assets may have a significant impact on its assessed value. Since the information on the industry and related assets' property transactions cannot be obtained and there is a lack of analysis basis for assets liquidity, the assessment does not take into account the impact of assets liquidity on the value of the assessed assets.

6. A note to the users of the report: some of the premises within the scope of this assessment do not have title certificates, and their construction area is declared by the Client. If title certificates are obtained in the future, the construction area shall be according to the title certificates issued by real estate regulators, and the assessment results shall be adjusted accordingly.

The report users shall pay attention to the above matters when using this report.

XII. Restrictions on using the assessment report

1. The assessment is based on the assumption that the documents provided by the Client are true and valid. If the documents provided by the Client have misrepresentation or concealment and result in inaccurate assessment, the Client shall be held responsible. The Company does not assume any liability.

2. The assessment report shall only be used by users specified in the report for purpose specified in the report. The certified appraisers and the Company are not liable for the consequences caused by improper use of the report.

3. The assessment results are certified appraisers' advisory opinions on the assets value based on their professional knowledge and experience and shall not be held as a guarantee to achieve the assessed price.

4. According to relevant regulations, the assessment report is valid for one year, from the appraisal base date of August 31st, 2009 to August 30th, 2010. The assessment report shall be used within the validity period specified.

5. The assessment results shall only be used by the Client for the specified purpose and as submission to assets assessment regulators for review. Without the consent of the Company, the assessment report's contents may not be extracted, quoted or disclosed on any public media unless otherwise stipulated by law and regulations.

XIII. The assessment report date

The assessment report was issued on September 24th, 2009.

Shanghai Yinxinhuiye Appraisal Co., Ltd.

Company's legal representative: Mei Huimin

Chief Appraiser: Tang Limin

Certified Appraiser: Yang Liming

Certified Appraiser: Zhu Liang

September 24th, 2009



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List of Reference Files

1. Shanghai Guanghua Printing Machinery Co., Ltd.'s business license;
2. Shanghai Guanghua Printing Machinery Co., Ltd.'s application report;
3. Shanghai Guanghua Printing Machinery Co., Ltd.'s real estate title certificates;
4. Commitment letter by Entrusting party, asset-possession party and signing registered asset appraiser;
5. Certificate of the assessment agency and the appraisers and license of the business corporation;
6. Asset appraisal commission agreement;
7. Other related document.