

Resolution Announcement of 2009 Annual Shareholders Meeting of Shanghai Mechanical & Electrical Industry Co., Ltd.

The company and all 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.

Important reminder:

- This meeting did not reject or modify any proposals;
- This meeting did not submit any new proposals for voting.

Shanghai Mechanical and Electrical Industry Co., Ltd. held its 2009 Shareholders Meeting at Radisson Plaza Xing Guo Hotel Shanghai (No. 78, Xingguo Rd., Shanghai) on May 28th, 2010. The Company's Board of Directors published the Announcement of the 2009 Annual Shareholders Meeting in *China Securities Journal*, *Shanghai Securities News*, *Wen Wei Po*, and Shanghai Stock Exchange's website on April 9th, 2010. This Meeting was convened by the Company's board of directors, presided over by Vice Chairman Zhu Bin, and attended by the board directors, the supervisors, and the senior managers.

63 shareholders (or their authorized representatives) attended the Meeting, with 487,443,546 shares, 47.660586% of the Company's total equity capital (including 38 tradable A-shareholders with 483,860,610 shares, 59.994796% of the Company's total tradable A-capital stock; 25 tradable B-shareholders with 3,582,936 shares, 1.656964% of the Company's total tradable B-capital stock. Thus, the Meeting followed the Company Law and the articles of association and was valid.

Through reviewing and voting, the Meeting concluded the following resolutions:

I. 2009 Annual Report and Abstract

Total shares of voting: 487,443,546, with the result as below:

Approval: 487,373,608 shares, 99.985652% of the total

Against: 19,406 shares, 0.003981% of the total

Abstention: 50,532 shares, 0.010367% of the total

Including tradable A-shares: 483,860,610, with the result as below:

Approval: 483,857,032 shares, 99.999261% of the total

Against: 3,566 shares, 0.000737% of the total

Abstention: 12 shares, 0.000002% of the total

Including tradable B-shares: 3,582,936, with the result as below:

Approval: 3,516,576 shares, 98.147888% of the total

Against: 15,840 shares, 0.442096% of the total

Abstention: 50,520 shares, 1.410016% of the total

II. 2009 Work Report by Board of Directors

Total shares of voting: 487,443,546, with the result as below:

Approval: 487,424,128 shares, 99.996016% of the total

Against: 19,406 shares, 0.003981% of the total
Abstention: 12 shares, 0.000003% of the total

Including tradable A-shares: 483,860,610, with the result as below:
Approval: 483,857,032 shares, 99.999261% of the total
Against: 3,566 shares, 0.000737% of the total
Abstention: 12 shares, 0.000002% of the total

Including tradable B-shares: 3,582,936, with the result as below:
Approval: 3,567,096 shares, 99.557904% of the total
Against: 15,840 shares, 0.442096% of the total
Abstention: 0 shares, 0.000000% of the total

III. 2009 Work Report by Board of Supervisors

Total shares of voting: 487,443,546, with the result as below:
Approval: 487,424,128 shares, 99.996016% of the total
Against: 19,406 shares, 0.003981% of the total
Abstention: 12 shares, 0.000003% of the total

Including tradable A-shares: 483,860,610, with the result as below:
Approval: 483,857,032 shares, 99.999261% of the total
Against: 3,566 shares, 0.000737% of the total
Abstention: 12 shares, 0.000002% of the total

Including tradable B-shares: 3,582,936, with the result as below:
Approval: 3,567,096 shares, 99.557904% of the total
Against: 15,840 shares, 0.442096% of the total
Abstention: 0 shares, 0.000000% of the total

IV. 2009 Financial Final Accounts Report

Total shares of voting: 487,443,546, with the result as below:
Approval: 487,373,620 shares, 99.985655% of the total
Against: 19,406 shares, 0.003981% of the total
Abstention: 50,520 shares, 0.010364% of the total

Including tradable A-shares: 483,860,610, with the result as below:
Approval: 483,857,044 shares, 99.999263% of the total
Against: 3,566 shares, 0.000737% of the total
Abstention: 0 shares, 0.000000% of the total

Including tradable B-shares: 3,582,936, with the result as below:
Approval: 3,516,576 shares, 98.147888% of the total
Against: 15,840 shares, 0.442096% of the total
Abstention: 50,520 shares, 1.410016% of the total

V. 2009 Schemes of Profits Distribution

Based on the Company's total 2009 year-end capital stock of 1,022,739,308 shares, for every 10 shares, the Company distributes RMB 1 (after-tax) dividend to each shareholder. The total is RMB 102,273,930.80.

Total shares of voting: 487,443,546, with the result as below:
Approval: 487,392,440 shares, 99.989516% of the total
Against: 51,106 shares, 0.010484% of the total
Abstention: 0 shares, 0.000000% of the total

Including tradable A-shares: 483,860,610, with the result as below:
Approval: 483,828,844 shares, 99.993435% of the total
Against: 31,766 shares, 0.006565% of the total
Abstention: 0 shares, 0.000000% of the total

Including tradable B-shares: 3,582,936, with the result as below:
Approval: 3,563,596 shares, 99.460219% of the total
Against: 19,3406 shares, 0.539781% of the total
Abstention: 0 shares, 0.000000% of the total

VIII. Proposal of Renewing the Engagement of Anyong-Huaming Accounting Firm as the Company's Auditor in 2010

Total shares of voting: 487,443,546, with the result as below:
Approval: 487,424,128 shares, 99.996016% of the total
Against: 12 shares, 0.000002% of the total
Abstention: 19,406 shares, 0.003982% of the total

Including tradable A-shares: 483,860,610, with the result as below:
Approval: 483,857,032 shares, 99.999261% of the total
Against: 12 shares, 0.000002% of the total
Abstention: 3,566 shares, 0.000737% of the total

Including tradable B-shares: 3,582,936, with the result as below:
Approval: 3,567,096 shares, 99.557904% of the total
Against: 0 shares, 0.000000% of the total
Abstention: 15,840 shares, 0.442096% of the total

Lawyer Xu Yuzhou and Lin Zeda of Shanghai YOUNG-BEN Lawyer issued Legal Opinion for the Meeting.

According to the lawyers, the convention and procedures of the Company's 2009 Annual Shareholders Meeting accord with relevant laws, regulations and the articles of association; the participant's qualifications, the convener's qualifications, the voting procedures and all resolutions approved are legally valid.

All the matters above are announced hereby.

Shanghai Mechanical & Electrical Industry Co., Ltd.
May 29th, 2010