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上海集優機械股份有限公司
Shanghai Prime Machinery Company Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02345)

CHANGE OF DIRECTOR AND CHIEF EXECUTIVE

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Prime Machinery Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the change of the Director and Chief Executive of the Company.

RESIGNATION OF DIRECTOR AND CHIEF EXECUTIVE OFFICER

The Board announces that, on 27 March 2020, the Board received a letter from Dr.-Ing. Gou Jianhui (“**Dr.-Ing. Gou**”) tendering his resignation as the Chief Executive Officer (總經理) and an Executive Director and a member of the strategy committee and risk management committee of the Company with effect from 1 April 2020. Dr.-Ing Gou resigned of his own accord as he pursues new career development and other business opportunities. Dr.-Ing. Gou has agreed to remain as a supervisory board member of Koninklijke Nedschroef Holding B.V. and continue to provide professional advices on the Group’s European operations.

Dr.-Ing. Gou has confirmed that there is no disagreement between himself and the Board during his term of office and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

The Company wishes to express its appreciation for the valuable contributions made by Dr.-Ing. Gou during his term of office and is pleased that he will continue his non-executive advisory role in relation to the Group’s European operations.

APPOINTMENT OF PRESIDENT AND NOMINATION OF EXECUTIVE DIRECTOR

The Board is pleased to announce that, Mr. Zhou Zhiyan (“**Mr. Zhou**”), the Chairman and an Executive Director of the Company, has been appointed as the President (總經理) of the Company with effect from 1 April 2020.

The Board is also pleased to announce that the nomination committee of the Board has resolved to nominate Mr. Xia Sicheng (“**Mr. Xia**”) for election as an Executive Director at the upcoming annual general meeting (“**AGM**”), and the appointment will be subject to the approval of the Shareholders. A circular containing, among other things, details of the proposed appointment of Mr. Xia, together with the notice of the AGM, will be dispatched to the H Shareholders in due course.

Details of Mr. Zhou and Mr. Xia, which are required to be disclosed pursuant to Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), are set out as follows:

Mr. Zhou, aged 56, is the Chairman and an Executive Director of the Company. Mr. Zhou joined the Company in 2005. From 2005 to 2007, he served as the Chairman and Executive Director of the Company. He has served as the Vice Chairman, Executive Director and President of the Company since 2013 as well as the Chairman, Executive Director and President of the Company since 2015. Mr. Zhou joined Shanghai Electric (Group) Corporation in August 1983. He served as chief financial officer for the business department of Shanghai Electric (Group) Corporation, deputy chief accountant of Shanghai Electric (Group) Corporation, president of Shanghai Electric Industrial Corporation, head of investment management department, investment director and chief financial officer of Shanghai Electric Assets Management Company Limited, executive deputy head of overseas business department and head of financial budget department of Shanghai Electric (Group) Corporation. Mr. Zhou graduated from the School of Accounting of Shanghai Industry and Commerce Institute in 1988 majoring in finance and accounting and obtained a MBA degree from Shanghai Jiao Tong University in 1992. He is a senior accountant.

As at the date of this announcement, Mr. Zhou is interested in 156,800 ordinary shares of the Company, representing in aggregate 0.02% of the issued voting shares of the Company, within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong.

The emolument of Mr. Zhou will be determined with reference to the remuneration plan of the Company for the year ending 31 December 2020 to be approved at the AGM.

Mr. Xia, aged 56, currently serves as a Party Committee Member of the Company and the executive director of Wuxi Turbine Blade Company Limited. Mr. Xia joined Shanghai Electric (Group) Corporation in 1982. He served as the executive director of Shanghai Tool Works Company Limited from 2003 to 2010, an Executive Director of the Company from 2005 to 2007, a Vice President of the Company from 2005 to 2010, the president and deputy secretary of the C.P.C. branch of Pacific Mechatronic (Group) Co., Ltd. as well as the chairman of Shanghai Erfangji Co., Ltd. from 2010 to 2012, the deputy director of the strategic planning department of Shanghai Electric (Group) Corporation from 2012 to 2014 and a Vice President of the Company in 2014. From 2014 to 2019, he successively served as

an executive director, secretary of C.P.C. branch and the general manager of Wuxi Turbine Blade Company Limited. Mr. Xia graduated from the Central Party School of the C.P.C. in 2002 with a bachelor's degree in economic management.

Upon approval by the Shareholders of the appointment, Mr. Xia will enter into a service contract with the Company for a term of three years commencing from the date of the AGM until the end of the next session of the Board upon his due appointment at the AGM in accordance with the articles of association of the Company. The emoluments of Mr. Xia will be determined in accordance with the remuneration plan for directors and supervisors of the Company for the year ending 31 December 2020 to be approved at the AGM.

As at the date of this announcement, save as disclosed above, neither Mr. Xia nor Mr. Zhou (i) has any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); (ii) holds any directorship in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iii) has any relationship with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company (as defined in the Listing Rule); or (iv) holds any other position in the Company or any of its subsidiaries. Save as disclosed above and as far as the Board is aware, there is no other matter relating to the proposed appointments of Mr. Xia and Mr. Zhou that needs to be brought to the attention of the shareholders, nor any other information that needs to be disclosed pursuant to the requirements of Rules 13.51(2) (h) to (v) of the Listing Rules.

By order of the Board of
Shanghai Prime Machinery Company Limited
Ng Kwong, Alexander
Company Secretary

Shanghai, the PRC
27 March 2020

As at the date of this announcement, the Board consists of Executive Directors, namely Mr. Zhou Zhiyan, Mr. Xiao Yuman, Dr.-Ing. Gou Jianhui, Mr. Zhang Mingjie, and Mr. Si Wenpei, Non-executive Director, namely Mr. Dong Yeshun, and Independent Non-executive Directors, namely Mr. Ling Hong, Mr. Chan Oi Fat and Mr. Sun Zechang.