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上海集优
SHANGHAI PRIME

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)

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Prime Machinery Company Limited (the “**Company**”) hereby announces that, on 27 March 2020, the Board has resolved to propose amendments to the articles of association of the Company (the “**Articles of Association**”). The proposed amendments to the Articles of Association are subject to the shareholders’ approval at the next annual general meeting of the Company for the year ended 31 December 2019 (the “**AGM**”).

To protect the legitimate rights and interests of the Company, shareholders and creditors of the Company, and regulate the organisation and behaviour of the Company, the Board proposed to amend the Articles of Association in accordance with the Company Law of the People’s Republic of China (revised in 2018), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (the “**Mandatory Provisions**”), the Approval and Reply of the State Council on the Adjustment of the Notice Period of the Shareholders’ General Meeting and Other Matters Applicable to Overseas Listed Companies (Guohan [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019] 97號)) and other relevant requirements after taking into consideration of the actual situation and business need of the Company, details of which are as follows:

Comparison Table of Amendments to the Articles of Association

Original Articles

Amended Articles

Article 11

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The business scope of the Company is: design, sale, technical consultancy and training of industrial turbine blades, precision bearings, high strength standard fasteners, numerical control machine, cutting tools systems, small and medium-sized special motor and other mechanical components, domestic trade (except specifically stipulated), industrial investment, import and export trade of goods and technology, and project related services (items which shall be approved according to laws can only be operated upon obtaining approval from the competent authorities).

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Article 11

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The business scope of the Company is: design, sale, technical consultancy and training of industrial turbine blades, precision bearings, high strength standard fasteners, numerical control machine, cutting tools systems, small and medium-sized special motor and other mechanical components, domestic trade (except specifically stipulated), industrial investment, import and export trade of goods and technology, ~~and~~ project related services, property lease, enterprise management, investment management, and investment consultancy (items which shall be approved according to laws can only be operated upon obtaining approval from the competent authorities).

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Article 17

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Subject to the approval by the State-owned Assets Supervision and Administration Commission of the State Council and the vetting authorities authorized by the State Council, the capital structure of the Company after the completion of rights issue of domestic shares and H shares is as follows:

Name of shareholders	Number of shares held	Percentage of total equity	Name of shareholders	Number of shares held	Percentage of total equity
Shareholders of domestic shares			Shareholders of domestic shares		
Shanghai Electric Group Company Limited	814,291,420	47.179%	Shanghai Electric Group Company Limited	814,291,420	47.179%
H shares	<u>911,625,000</u>	<u>52.821%</u>	H shares	<u>911,625,000</u>	<u>52.821%</u>
Total	<u>1,725,943,420</u>	<u>100%</u>	Total	<u>1,725,943,420</u>	<u>100%</u>

Article 46

Within 30 days prior to a shareholders' general meeting or within five days prior to the date on which the Company decides the basis of distribution of dividends, no entry shall be made to the register of shareholders to record any changes resulting from any transfer of shares.

Article 17

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Subject to the approval by the State-owned Assets Supervision and Administration Commission of the State Council and the vetting authorities authorized by the State Council, the capital structure of the Company after the completion of rights issue of domestic shares and H shares is as follows:

Article 46

~~Within 30 days prior to a shareholders' general meeting or within five days prior to the date on which the Company decides the basis of distribution of dividends, no entry shall be made to the register of shareholders to record any changes resulting from any transfer of shares.~~ Where the applicable laws, administrative regulations, departmental rules, regulatory documents, and the relevant stock exchanges or regulatory authorities at the place where the Company's shares are listed stipulate the period during which the share transfer registration formalities shall be suspended before the shareholders' general meeting or the benchmark date decided by the Company for distribution of dividends, such period shall prevail.

Article 59

The shareholders’ general meeting shall exercise the following powers:

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(13) to examine any motion put forward by shareholders representing 5% or more of the Company’s total voting shares;

.....

Article 62

A shareholders’ general meeting shall be convened by a written notice served on the shareholders registered as such in the register of shareholders 45 days prior to the meeting specifying the matters to be considered and the time and place of the meeting. Shareholders who intend to attend the shareholders’ general meeting shall serve on the Company a written reply 20 days before the date of the meeting.

Article 59

The shareholders’ general meeting shall exercise the following powers:

.....

(13) to examine any motion put forward by shareholders ~~representing 5% or more of the Company’s total voting shares~~ which individually or aggregately hold 3% or more (including 3%) of the shares of the Company according to provisions of the Articles of Association hereof;

.....

Article 62

~~A shareholders’ general meeting shall be convened by a written notice served on the shareholders registered as such in the register of shareholders 45 days prior to the meeting specifying the matters to be considered and the time and place of the meeting. Shareholders who intend to attend the shareholders’ general meeting shall serve on the Company a written reply 20 days before the date of the meeting.~~ When the Company is to hold a shareholders’ general meeting, shareholders shall be notified no less than 20 days in advance of a shareholders’ general meeting of the time and place and the matters to be considered at the meeting. When the Company is to hold an extraordinary general meeting, shareholders shall be notified no less than 15 days in advance of an extraordinary general meeting. For the issuance of unregistered shares, the time, place and the matters to be considered at the meeting shall be notified by way of public announcement no less than 30 days in advance of the meeting. Shareholders of the unregistered shares who attend the shareholders’ general meeting shall have their shares deposited in the Company during the period from five days prior to the meeting until the meeting is closed. Shareholders who intend to attend the shareholders’ general meeting shall serve on the Company a written reply 20 days before the date of the meeting.

Article 63

When the Company is to hold an annual shareholders' general meeting, shareholders holding 5% or more of the total number of the Company's voting shares shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda for such meeting the matters in the motions that fall within the scope of duties of the shareholders' general meeting.

Article 63

~~When the Company is to hold an annual shareholders' general meeting, shareholders holding 5% or more of the total number of the Company's voting shares shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda for such meeting the matters in the motions that fall within the scope of duties of the shareholders' general meeting.~~
shareholder(s) who individually or aggregately hold 3% or more (including 3%) of the shares of the Company may deliver a written interim motion to the Board of Directors 10 days in advance of a shareholders' general meeting. The Board of Directors shall notify other shareholders of the interim motion within 2 days as of the receipt thereof and submit the motion to the shareholders' general meeting for consideration. Any interim motion put forward shall fall within the purview of the shareholders' general meeting and shall have specific theme and detailed matters to be considered. The shareholders' general meeting shall not make any resolution on any matter that is not listed in Article 62 and Article 63 hereof.

Article 65

Pursuant to the written replies received 20 days prior to the shareholders' general meeting, the Company shall calculate the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting. If the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting is more than half of the total number of shares of the Company which carry the right to vote, the Company may convene a shareholders' general meeting; otherwise, the Company shall within 5 days thereof give a further notice to the shareholders specifying the matters to be considered and the date and place of the meeting by way of announcement. After giving such notice, the Company may convene the shareholders' general meeting.

An extraordinary general meeting may not decide on matters not specified in the notice.

Article 65

Pursuant to the written replies received 20 days prior to the shareholders' general meeting, the Company shall calculate the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting. If the number of shares which carry the right to vote held by those shareholders who intend to attend the meeting is more than half of the total number of shares of the Company which carry the right to vote, the Company may convene a shareholders' general meeting; otherwise, the Company shall within 5 days thereof give a further notice to the shareholders specifying the matters to be considered and the date and place of the meeting by way of announcement. After giving such notice, the Company may convene the shareholders' general meeting. Where the Board of Directors is unable or fails to fulfill his/her obligations to convene a shareholders' general meeting, the Board of Supervisors shall convene and preside over such meeting. Where the Board of Supervisors does not convene or preside over such meeting, shareholder(s) who individually or aggregately hold 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on his or their own initiative.

An extraordinary general meeting may not decide on matters not specified in the notice.

Article 67

A notice of shareholders' general meeting shall be served on the shareholders (whether entitled to vote at the meeting or not) in the way specified in Article 199 of this Articles of Association.

For holders of domestic shares, the notice of the shareholders' general meeting may be made through announcement. For holders of domestic shares, the notice of the shareholders' general meeting shall be published 45 days to 50 days prior to the date of the meeting in one or more national newspapers designated by the securities regulatory authority of the State Council. Once such announcement is made, all holders of domestic shares shall be deemed to have received the notice of such shareholder's general meeting.

Article 73

The Company is entitled to demand an attorney appointed to attend the meeting on behalf the individual shareholder to present his own identification card and the relevant power of attorney executed by such appointer or its authorized representative.

Where a legal person representative is appointed by a legal shareholder to attend the meeting, the Company shall be entitled to demand such legal person representative to present his own identification card and the instrument for appointing the legal person representative executed by the Board of Directors of the institutional shareholder (except recognized clearing house or its nominee) or other governing body, and a notarially certified copy of resolution or power of attorney.

Article 67

A notice of shareholders' general meeting shall be served on the shareholders (whether entitled to vote at the meeting or not) in the way specified in Article 199 of this Articles of Association.

For holders of domestic shares, the notice of the shareholders' general meeting may be made through announcement. For holders of domestic shares, the notice of the shareholders' general meeting shall be published ~~45 days to 50 days~~ prior to the date of the meeting in one or more national newspapers designated by the securities regulatory authority of the State Council. Once such announcement is made, all holders of domestic shares shall be deemed to have received the notice of such shareholder's general meeting.

Article 73

The Company is entitled to demand an attorney appointed to attend the meeting on behalf the individual shareholder to present his own identification card and the relevant power of attorney executed by such appointer or its authorized representative. The attorney appointed shall exercise the voting rights within the scope of authorization.

Where a legal person representative is appointed by a legal shareholder to attend the meeting, the Company shall be entitled to demand such legal person representative to present his own identification card and the instrument for appointing the legal person representative executed by the Board of Directors of the institutional shareholder (except recognized clearing house or its nominee) or other governing body, and a notarially certified copy of resolution or power of attorney.

Article 96

If the Company convenes a class shareholders' meeting, it shall issue a written notice 45 days prior to the meeting to all shareholders of such class who are on the register of shareholders, specifying the business to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend 20 days prior to the meeting.

If the number of shares which carry the right to vote at such meeting held by those shareholders who intend to attend such meeting is more than half of the total number of that class of shares, the Company may convene such meeting of class shareholders; if this cannot be attained, the Company shall further notify the shareholders by way of announcement within 5 days thereof specifying the business to be considered and the date and place of the meeting. After the giving of such notice, the Company may convene the class shareholders' meeting.

Article 96

If the Company convenes a class shareholders' meeting, ~~it shall issue a written notice 45 days prior to the meeting~~ the time limit for the Company to issue a written notice prior to such class shareholders' meeting shall be the same as that for the non-class shareholders' meeting to be convened together with such class shareholders' meeting. The Company shall issue a written notice to all shareholders of such class who are on the register of shareholders, specifying the business to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend 20 days prior to the meeting.

If the number of shares which carry the right to vote at such meeting held by those shareholders who intend to attend such meeting is more than half of the total number of that class of shares, the Company may convene such meeting of class shareholders; if this cannot be attained, the Company shall further notify the shareholders by way of announcement within 5 days thereof specifying the business to be considered and the date and place of the meeting. After the giving of such notice, the Company may convene the class shareholders' meeting.

Except for the proposed amendments as set out above, other articles in the Articles of Association remain unchanged.

The above proposed amendments to the Articles of Association will come into effect after being considered and approved by the shareholders at the AGM.

The Board has further resolved to propose a special resolution at the AGM to authorise the Board to grant authorisation to the management of the Company to handle the approval and filing procedures with relevant regulatory authorities involved in such amendments, and to make adjustments to such amendments to the Articles of Association according to opinions of regulatory authorities.

A circular containing, among other things, details of the proposed amendments to the Articles of Association, together with notice of the AGM, will be despatched to the H shareholders of the Company in due course.

By Order of the Board
Shanghai Prime Machinery Company Limited
Zhou Zhiyan
Chairman

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.