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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)**

## **PROFIT WARNING**

This announcement is made by Shanghai Prime Machinery Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company and potential investors that, based on the preliminary assessment of the latest unaudited financial information, the Group is expected to record a consolidated net loss in the range of RMB30.0 million to RMB40.0 million for the six months ended 30 June 2020 (“**1H2020**”), as compared to a consolidated net profit of RMB114.7 million for the six months ended 30 June 2019.

Various measures were enforced by governments around the world to curb the spread and impact of COVID-19, which has evolved into a global pandemic. These measures have caused most of the Group’s automotive customers to temporarily close down their production facilities particularly in China and Europe. As a consequence, the Group has suffered from significantly lower production and sales of automotive fasteners, and the Group’s fastener business is expected to record a significant loss for 1H2020. In addition, the Group has also incurred an additional non-recurrent restructuring cost of circa RMB11.0 million (EUR1.4 million) relating to the close-down of a manufacturing plant in Berlin, Germany, which was announced in November 2019 and expected to complete by the third quarter of 2020.

Notwithstanding of the foregoing, the Group’s bearing, cutting tool and turbine blade businesses are less impacted by COVID-19 and expected to be profitable because of the shorter lockdown and quicker economic recovery in China, and the Group’s diversified customer base and business development initiatives in China.

The Board wishes to emphasize that the interim results of the Company for 1H2020 have not been finalized. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available to the Board and the unaudited management accounts of the Group for the five months ended 31 May 2020, which have not taken into account potential asset impairment charges (if any) and have not been reviewed by the Company's independent auditors. The unaudited interim results of the Group for 1H2020 is expected to be announced in mid-August 2020.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Shanghai, the PRC  
29 June 2020

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