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SHANGHAI ELECTRIC GROUP COMPANY LIMITED
上海電氣集團股份有限公司
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02727)



上海集優
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)

SHANGHAI PRIME MINGYU MACHINERY
TECHNOLOGY CO., LTD.*

上海集優銘宇機械科技有限公司

(a company incorporated in the People's Republic of China with limited liability)

JOINT ANNOUNCEMENT

PRE-CONDITIONAL PRIVATISATION PROPOSAL OF SPM BY THE OFFEROR BY WAY OF MERGER BY ABSORPTION

EXTENSION OF TIME FOR DESPATCH OF THE COMPOSITE DOCUMENT

Financial Adviser to SEG and the Offeror



BNP PARIBAS

INTRODUCTION

Reference is made to the joint announcement issued by SEG, the Offeror and SPM (the “**Joint Announcement**”) on 15 October 2020 in relation to the possible privatisation of SPM. Unless otherwise defined, capitalised terms used in this announcement have the same meanings as defined in the Joint Announcement.

EXTENSION OF TIME FOR DESPATCH OF THE COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, unless the Executive's consent is obtained, the Composite Document containing, among other things, further details about the Merger, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the recommendations of the Independent Board Committee, should normally be despatched to the SPM Shareholders within 21 days of the Joint Announcement (in this case being on or before 5 November 2020).

As disclosed in the Joint Announcement, the making of the privatisation proposal is conditional upon the satisfaction of the Pre-Condition as set out in the section headed "3. PRINCIPAL TERMS OF THE MERGER AGREEMENT – Pre-Condition to the Merger Agreement" in the Joint Announcement.

As more time is required for the satisfaction of the Pre-Condition, an application was made to the Executive pursuant to Note 2 to Rule 8.2 of the Takeovers Code for, and the Executive has indicated that it is minded to grant, the extension of the latest date for despatching the Composite Document from 5 November 2020 to not later than (i) the date which is 7 days following the satisfaction of the Pre-Condition or (ii) 22 January 2021 (being 7 days following the Pre-Condition Longstop Date), whichever is earlier.

Further announcement(s) will be made as and when appropriate in compliance with the Takeovers Code upon the despatch of the Composite Document. Shareholders and potential investors of SEG and SPM are advised to refer to the announcements and other documents published by SEG and/or SPM from time to time on the website of the Stock Exchange for information regarding the privatisation proposal.

WARNING

The Pre-Condition and the Effectiveness Conditions must be satisfied before the Merger Agreement will become effective. The Merger Agreement becoming effective is therefore a possibility only. Further, even if the Merger Agreement becomes effective, the implementation of the Merger is subject to the Implementation Conditions set out in the Joint Announcement being satisfied (or waived, if applicable). Neither the Offeror, SEG nor SPM provides any assurance that any or all Pre-Condition or Conditions will be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, the Merger may or may not be implemented.

Shareholders and potential investors in the securities of SEG and SPM should therefore exercise caution when dealing in the securities of SEG or SPM. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

On behalf of the board
**Shanghai Electric Group
Company Limited**
(上海電氣集團股份有限公司)
Li Chung Kwong Andrew
Company Secretary

On behalf of the board
**Shanghai Prime Machinery
Company Limited**
(上海集優機械股份有限公司)
Ng Kwong, Alexander
Company Secretary

On behalf of the board
**Shanghai Prime Mingyu Machinery
Technology Co., Ltd.***
(上海集優銘宇機械科技有限公司)
Ma Xing
Director

3 November 2020

As at the date of this announcement, the SPM 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.

The directors of SPM jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than any information relating to SEG, the Offeror and/or the concert parties of either of them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of the Offeror or of SEG) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the executive directors of SEG are Mr. ZHENG Jianhua, Mr. HUANG Ou, Mr. ZHU Zhaokai and Mr. ZHU Bin; the non-executive directors of SEG are Ms. YAO Minfang and Ms. LI An; and the independent non-executive directors of SEG are Dr. CHU Junhao, Dr. XI Juntong and Dr. XU Jianxin.

As at the date of this announcement, the director of the Offeror is Ms. Ma Xing.

The directors of SEG and of the Offeror jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than any information relating to SPM) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of SPM) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

** for identification purposes only*