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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Prime Machinery Company Limited, you should at once hand this circular and the accompanying form of proxy and the reply slip to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**APPOINTMENT OF PRICEWATERHOUSECOOPERS AS
THE COMPANY'S AUDITORS FOR THE FINANCIAL YEAR OF 2020
THE AUTHORISATION OF THE BOARD TO DETERMINE
THE AUDITORS' REMUNERATION
AND
NOTICE OF THE 2020 EXTRAORDINARY GENERAL MEETING**

A notice of the 2020 Extraordinary General Meeting (the "EGM") to be held at Meeting Center, North 6th Floor, 2747 Songhuajiang Road, Hongkou District, Shanghai, PRC on Wednesday, 30 December 2020, at 10:00 a.m. is set out on pages 5 to 7 of this circular.

A reply slip and a form of proxy for use at the EGM are enclosed herewith and also published on both the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.pmcsh.com>). If you intend to appoint a proxy to attend the EGM, you are requested to complete, sign and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM. Shareholders who intend to attend the meeting in person or by proxy should complete, sign and return the reply slip in accordance with the instructions printed thereon on or before Thursday, 10 December 2020.

4 December 2020

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DEFINITIONS

Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:

“Board”	the board of directors of the Company;
“Company”	Shanghai Prime Machinery Company Limited (上海集優機械股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and whose H Shares are listed on the Hong Kong Stock Exchange under the stock code of 02345;
“Director(s)”	the director(s) of the Company;
“Domestic Share(s)”	the ordinary domestic share(s) of the Company, with a par value of RMB1.00 each, which is (are) subscribed for or credited as fully paid in RMB;
“EGM”	the extraordinary general meeting for the year 2020 of the Company to be held at Meeting Center, North 6th Floor, 2747 Songhuajiang Road, Hongkou District, Shanghai, PRC on Wednesday, 30 December 2020, at 10:00 a.m. and any adjournment thereof (as the case may be);
“Group”	the Company and its subsidiaries;
“H Share(s)”	the ordinary share(s) of the Company, with a par value of RMB1.00 each, which is (are) listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Share(s)”	Domestic Share(s) and/or H Share(s);
“Shareholder(s)”	holder(s) of the Company’s Share(s).

Note: All times refers to Hong Kong local time, except as otherwise stated.

LETTER FROM THE BOARD OF DIRECTORS



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)

Executive Directors:

Mr. Zhou Zhiyan (*Chairman*)
Mr. Zhang Mingjie
Mr. Si Wenpei
Mr. Xiao Yuman
Mr. Xia Sicheng

Non-executive Director:

Mr. Dong Yeshun

Independent Non-executive Directors:

Mr. Ling Hong
Mr. Chan Oi Fat
Mr. Sun Zechang

Registered office:

Room 1501, Jidian Edifice
600 Heng Feng Road
Shanghai
The People's Republic of China

*Principal place of business
in Hong Kong:*

Room 901-903
Tower Two
Lippo Centre
No. 89 Queensway
Hong Kong

4 December 2020

Dear Sir or Madam,

**APPOINTMENT OF PRICEWATERHOUSECOOPERS AS
THE COMPANY'S AUDITORS FOR THE FINANCIAL YEAR OF 2020
THE AUTHORISATION OF THE BOARD TO DETERMINE
THE AUDITORS' REMUNERATION
AND
NOTICE OF THE 2020 EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 8 September 2020 in relation to the proposed change of auditor of the Group. The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the EGM relating to the proposed appointment of PricewaterhouseCoopers ("PwC") as the new auditors of the Company for the financial year of 2020.

On 8 September 2020, the Board announced that Deloitte Touche Tohmatsu ("Deloitte") had tendered its resignation as the auditor of the Group with effect from 8 September 2020 since the Board has been unable to reach a consensus with Deloitte on their proposed audit fee

LETTER FROM THE BOARD OF DIRECTORS

for the financial year of 2020 subsequent to the annual general meeting of the Company held on 19 June 2020. The Board has resolved, with recommendation of the Audit Committee of the Company, to propose the appointment of PwC as the new auditors of the Company for the financial year of 2020.

Deloitte has confirmed that there is no disagreement between the Company and Deloitte. Deloitte has further confirmed in writing that there are no matters in connection with their resignation that need to be brought to the attention of the Shareholders or creditors of the Company. The Board has also confirmed that there are no matters in connection with the change of auditors of the Company that need to be brought to the attention of the Shareholders or creditors of the Company.

APPOINTMENT OF PWC AS THE NEW AUDITORS AND THE AUTHORIZATION OF THE BOARD TO DETERMINE THE AUDITOR'S REMUNERATION

An ordinary resolution will be proposed at the EGM to approve the appointment of PwC as the Company's auditors for the financial year of 2020 and the authorization of the Board to determine the auditors' remuneration.

2020 EXTRAORDINARY GENERAL MEETING

A notice of the EGM to be held at Meeting Center, North 6th Floor, 2747 Songhuajiang Road, Hongkou District, Shanghai, PRC on Wednesday, 30 December 2020 at 10:00 a.m., is set out on pages 5 to 7 of this circular.

In order to determine the Shareholders who are entitled to attend the EGM, the Company's register of members will be closed from Thursday, 24 December 2020 to Wednesday, 30 December 2020 (both days inclusive), during which period no transfer of H Shares will be effected. Holders of H Shares whose names appear on the Company's register of members Wednesday, 30 December 2020 are entitled to attend the EGM. In order to be eligible to attend and vote at the EGM, holders of H Shares whose transfers have not been registered must deposit the transfer documents together with the relevant share certificates at the office of the H Share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 23 December 2020.

A reply slip and a form of proxy for use at the EGM are enclosed herewith and also published on both the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.pmcs.com>). If you intend to appoint a proxy to attend the EGM, you are requested to complete, sign and not less than the enclosed form of proxy in accordance with the instructions printed thereon the latest 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM. Shareholders who intend to attend the meeting in person or by proxy should complete, sign and return the reply slip in accordance with the instructions printed thereon on or before Thursday, 10 December 2020.

LETTER FROM THE BOARD OF DIRECTORS

LISTING RULES REQUIREMENT

According to Rule 13.39(4) of the Listing Rules, apart from certain exceptions, any vote of shareholders at a general meeting must be taken by poll. All resolutions at the EGM will be taken by way of poll. An announcement on the poll vote results will be published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.pmcsh.com>) respectively by the Company after the EGM in the manner prescribed under the Listing Rules.

RECOMMENDATION

The Board believes that the proposal mentioned above is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders should vote in favour of the resolution to be proposed at the EGM as set out in the notice of the EGM.

Yours faithfully,
By order of the Board
Shanghai Prime Machinery Company Limited
Zhou Zhiyan
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

**NOTICE OF EXTRAORDINARY GENERAL MEETING
FOR THE YEAR 2020**

NOTICE IS HEREBY GIVEN that the extraordinary general meeting for the year 2020 (the “EGM”) of Shanghai Prime Machinery Company Limited (the “Company”) will be held at 10:00 a.m. on Wednesday, 30 December 2020 at Meeting Center, North 6th Floor, 2747 Songhuajiang Road, Hongkou District, Shanghai, PRC to consider and, if thought fit, to pass the following resolutions:

AS ORDINARY RESOLUTION:

To consider and approve the appointment of PricewaterhouseCoopers as the Company’s auditors for the financial year of 2020 and the authorisation of the board of the directors of the Company to determine the auditors’ remuneration.

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

Shanghai, the PRC

4 December 2020

As at the date of this notice, 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Holders of the Company's H shares ("**H Shares**") and domestic shares ("**Domestic Shares**") whose names appear on the register of members of the Company on Wednesday, 30 December 2020 are entitled to attend and vote at the EGM. The register of members of the Company will be closed from Thursday, 24 December 2020 to Wednesday, 30 December 2020 (both days inclusive), during which period no transfer of H Shares will be effected. In order to be eligible to attend and vote at the EGM, any holders of H Shares whose transfers have not been registered must deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Tricor Investor Services Limited, not later than 4:30 p.m. on Wednesday, 23 December 2020.
2. Holders of H Shares and Domestic Shares ("**Shareholders**") who intend to attend the EGM in person or by proxy should complete and sign the reply slip accompanying the notice of the EGM and return it to the Company's H Share registrar, applicable for the holders of H Shares on or before Thursday, 10 December 2020, or to the address of the company secretary of the Company (the "**Company Secretary**"), applicable for holders of Domestic Shares on or before Thursday, 10 December 2020 by hand, by post or by fax. Completion and return of the reply slip do not affect the right of a Shareholder to attend the EGM. However, the failure to return the reply slip may result in adjournment of the EGM, if the number of shares carrying right to vote represented by the Shareholders proposing to attend the EGM by reply slip does not reach more than half of total number of shares of the Company carrying right to vote at the EGM.
3. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote at the meeting on his/her behalf. A proxy needs not be a shareholder of the Company. Each Shareholder who wishes to appoint proxy should first review the circular of the Company, which are despatched to Shareholders on Friday, 4 December 2020.
4. A proxy shall be appointed by an instrument in writing (including the proxy form). Such instrument shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H Share registrar for holders of H Shares or at the address of the company secretary for holders of Domestic Shares not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar or the address of the company secretary (as may be applicable).
5. Shareholders or their proxies are required to produce their identification documents when attending the EGM.
6. All times refer to Hong Kong local time, except as otherwise stated.

NOTICE OF EXTRAORDINARY GENERAL MEETING

7. Miscellaneous

i. It is expected that the EGM will last for half a day. All attending Shareholders shall arrange for their transportation and accommodation and shall bear all their own expenses in connection with their attendance.

ii. The address of the Company Secretary:

Company Secretary
Shanghai Prime Machinery Company Limited
2747 Songhuajiang Road, Hongkou District
Shanghai, The People's Republic of China
Postal code: 200437

Tel: (8621) 6472 9900
Fax: (8621) 6472 9889
Contact Person: Mr. Ng Kwong, Alexander

iii. The address of the Company's H Share registrar:

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Tel: (852) 2980 1333
Fax: (852) 2810 8185