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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)



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 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

PROPOSED PRIVATISATION OF SPM BY THE OFFEROR BY WAY OF MERGER BY ABSORPTION

DESPATCH OF COMPOSITE DOCUMENT

Financial Adviser to SEG and the Offeror



BNP PARIBAS

Independent Financial Adviser to the Independent Board Committee



SOMERLEY CAPITAL LIMITED

INTRODUCTION

Reference is made to (i) the joint announcement issued by SEG, the Offeror and SPM on 15 October 2020 in relation to the possible privatisation of SPM; (ii) the joint announcement issued by SEG, the Offeror and SPM on 3 November 2020 in relation to the extension of time for despatch of the Composite Document; (iii) the joint announcement issued by SEG, the Offeror and SPM on 25 November 2020 in relation to the fulfillment of the Effectiveness Condition to the Merger Agreement in relation to approval by Independent SEG Shareholders; (iv) the joint announcement issued by SEG, the Offeror and SPM on 4 December 2020 in relation to the fulfilment of the Pre-Condition; and (v) the composite document issued by SEG, the Offeror and SPM on 11 December 2020 in relation to the Merger (the “**Composite Document**”). Unless otherwise defined, capitalised terms used in this announcement have the same meanings as defined in the Composite Document.

DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document, together with the notices of the SPM EGM and the SPM H Shareholders’ Class Meeting (each to be held on Monday, 11 January 2021), the proxy forms and the reply slips in respect of each of the SPM EGM and SPM H Shareholders’ Class Meeting, will be despatched to SPM Shareholders on Friday, 11 December 2020.

The Composite Document contains, among other things, further details about the Merger and the Merger Agreement, the letter from the SPM Board, the letter of advice from the Independent Financial Adviser, the recommendations from the Independent Board Committee, the expected timetable relating to the Merger and the notices of the SPM EGM and SPM H Shareholders’ Class Meeting.

SPM EGM AND SPM H SHAREHOLDERS’ CLASS MEETING

The SPM EGM and the SPM H Shareholders’ Class Meeting are scheduled to be held at 9:00 a.m. and 10:00 a.m. (or immediately following the conclusion of the SPM EGM or any adjournment thereof) respectively on Monday, 11 January 2021 at Meeting Center, North 6th Floor, 2747 Songhuajiang Road, Hongkou District, Shanghai, PRC.

The SPM EGM will be held for the purpose of considering, and if thought fit, approving, amongst others, the Merger, the Merger Agreement and the related arrangement.

The SPM H Shareholders’ Class Meeting will be held immediately following the conclusion of the SPM EGM or any adjournment thereof for the purpose of considering, and if thought fit, approving, amongst others, the Merger, the Merger Agreement and the related arrangement.

Notices of the SPM EGM and the SPM H Shareholders' Class Meeting are contained in the Composite Document. An announcement will be made by SEG, the Offeror and SPM in relation to the results of the SPM EGM and the SPM H Shareholders' Class Meeting on Monday, 11 January 2021 by no later than 7:00 p.m.

CLOSURE OF REGISTER OF MEMBERS OF SPM

In order to determine the list of SPM Shareholders and SPM H Shareholders who will be entitled to attend and vote at the SPM EGM and the SPM H Shareholders' Class Meeting respectively, the register of members of SPM will be closed from Wednesday, 6 January 2021 to Monday, 11 January 2021 (both dates inclusive), during which period no transfer of SPM Shares will be effected.

SPM Shareholders who are entitled to attend and vote at the SPM EGM and the SPM H Shareholders' Class Meeting are those whose names appear on SPM's register of members on Monday, 11 January 2021, being the record date for the SPM EGM and the SPM H Shareholders' Class Meeting. In order to qualify to vote at the SPM EGM and the SPM H Shareholders' Class Meeting, all transfer documents of SPM Shares accompanied by the relevant share certificates must be lodged with the SPM H Share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (in the case of SPM H Shares) or the Board office of SPM at South 4th Floor, 2747 Songhuajiang Road, Hongkou District, Shanghai, PRC (in the case of SPM Domestic Shares) no later than 4:30 p.m. on Tuesday, 5 January 2021.

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made as and when appropriate. Unless otherwise expressly stated, all references to dates and times refer to Hong Kong dates and times.

Date of despatch of the Composite Document Friday, 11 December 2020

Latest date for receiving reply slips
for the SPM EGM and the
SPM H Shareholders' Class Meeting Monday, 21 December 2020

Latest time for lodging transfers of
SPM H Shares in order to be entitled
to attend and vote at the SPM EGM and
the SPM H Shareholders' Class Meeting 4:30 p.m. on Tuesday,
5 January 2021

Closure of registers for transfers of
SPM Shares for determination of
the SPM Shareholders entitled to
attend and vote at the SPM EGM and
the SPM H Shareholders' Class Meeting Wednesday, 6 January 2021
to Monday, 11 January 2021
(both dates inclusive)

Latest time for lodging proxy forms in
respect of the SPM EGM 9:00 a.m. on Sunday,
10 January 2021

Latest time for lodging proxy forms in
respect of the SPM H Shareholders'
Class Meeting. 10:00 a.m. on Sunday,
10 January 2021

Record date for SPM Shareholders for
the SPM EGM and the SPM H Shareholders
for the SPM H Shareholders' Class Meeting. Monday, 11 January 2021

SPM EGM 9:00 a.m. on Monday,
11 January 2021

SPM H Shareholders' Class Meeting 10:00 a.m. on Monday,
11 January 2021 or immediately
following the conclusion of
the SPM EGM or any adjournment
thereof on Monday, 11 January 2021

Announcement of the results of
the SPM EGM and the SPM
H Shareholders' Class Meeting. by 7:00 p.m. on Monday,
11 January 2021

Expected date for all Effectiveness
Conditions to be satisfied Monday, 11 January 2021

Announcement of the satisfaction of
all Effectiveness Conditions,
last day for dealings in SPM H Shares
and expected date of withdrawal
of listing of SPM H Shares. Monday, 11 January 2021

Resumption of registers for transfer
of SPM Shares Tuesday, 12 January 2021

Each of the Offeror and SPM notifies
its creditors and makes a public
announcement of the Merger pursuant
to the PRC Company Law within 10 days
(for the notice to creditors)
i.e. by 21 January 2021 and
30 days (for the announcement)
i.e. by 10 February 2021 following
the SPM EGM and the SPM
H Shareholders' Class Meeting

Last day for dealings in SPM H Shares. Tuesday, 12 January 2021

Latest time for lodging transfers of
SPM H Shares in order to be entitled
to receive the Cancellation Price. 4:30 p.m. on Thursday,
14 January 2021

Closure of registers of members of
SPM (until SPM's deregistration occurs) from Friday,
15 January 2021 onwards

Expected date and time of
withdrawal of listing of SPM H Shares. 9:00 a.m. on Wednesday,
20 January 2021

Announcement that all Implementation
Conditions are satisfied
(or waived, as applicable). Wednesday, 20 January 2021

Latest date for payment of
the Cancellation Price. Friday, 29 January 2021

End of the period during which creditors
may request the Offeror and SPM to
pay off their respective indebtedness
or provide guarantees within 30 days after the receipt
of notice by creditors or 45
days after the issue of announcement
to creditors (whichever is the latest)

**SPM Shareholders should note that the above timetable is subject to change.
Further announcement(s) will be made in the event that there is any change.**

WARNING

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 Composite Document being satisfied (or waived, if applicable). Neither the Offeror, SEG nor SPM provides any assurance that any or all 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

11 December 2020

As at the date of this joint 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 joint 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 joint 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 joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint 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. XI Juntong, Dr. XU Jianxin and Dr. LIU Yunhong.

As at the date of this joint 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 joint 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 joint 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 joint announcement, the omission of which would make any statement in this joint announcement misleading.

** for identification purposes only*