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SHANGHAI ELECTRIC GROUP COMPANY LIMITED

上海电气集团股份有限公司

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

(Stock Code: 02727)



上海集优

SHANGHAI PRIME

上海集优机械股份有限公司

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.***

上海集优铭宇机械科技有限公司

(a company incorporated in the

People's Republic of China with limited liability)

JOINT ANNOUNCEMENT

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

(1) IMPLEMENTATION OF THE MERGER

(2) VOLUNTARY WITHDRAWAL OF LISTING OF THE SPM H SHARES

AND

(3) DESPATCH OF CHEQUES FOR PAYMENT OF THE CANCELLATION PRICE

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 fulfilment 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; (v) the composite document issued by SEG, the Offeror and SPM on 11 December 2020 in relation to the Merger (the “**Composite Document**”); and (vi) the joint announcement issued by SEG, the Offeror and SPM on 11 January 2021 in relation to the poll results of the SPM EGM and SPM H Shareholders’ Class Meeting.

Unless otherwise defined, capitalised terms used in this joint announcement have the same meanings as defined in the Composite Document. All references to dates and times contained in this joint announcement refer to Hong Kong date and times.

IMPLEMENTATION OF THE MERGER

The Offeror and SPM are pleased to jointly announce that all of the Implementation Conditions under the Merger Agreement have been fulfilled on the date of this joint announcement. Accordingly, the implementation of the Merger has become unconditional, and the Merger has become effective.

VOLUNTARY WITHDRAWAL OF THE LISTING OF THE SPM H SHARES

Immediately upon the Merger becoming effective, the conditional withdrawal of listing of the SPM H Shares has become unconditional. Accordingly, the listing of the SPM H Shares on the Stock Exchange will be withdrawn from 9:00 a.m. on Wednesday, 20 January 2021.

DESPATCH OF CHEQUES FOR PAYMENT OF THE CANCELLATION PRICE

Cheques for the payment of the Cancellation Price will be despatched to the SPM H Shareholders (other than SEGH and SEHC) on or before Friday, 29 January 2021.

EXERCISE OF RIGHTS OF DISSENTING SPM SHAREHOLDERS

Reference is made to the paragraph headed “Right of Dissenting SPM Shareholders” in the section headed “3. PRINCIPAL TERMS OF THE MERGER AGREEMENT” of the “LETTER FROM THE BOARD” in the Composite Document.

Any Dissenting SPM Shareholder wishing to exercise the right to request the Offeror to acquire its SPM Shares at a “fair price” on behalf of SPM and/or the Consenting SPM Shareholders (the “**Right**”) should on or before the expiry date of the Declaration Period (the expiry date being Tuesday, 26 January 2021), collect the documents containing information on the procedures for exercising the Right and the Required Documents (as defined below, together as the “**Procedure Documents**”) at SPM’s principal place of business in Hong Kong at Room 901–903, Tower Two, Lippo Centre, 89 Queensway, Hong Kong or at 2747 Songhuajiang Road, Hongkou District, Shanghai, PRC.

The multiple documents requested for in the Procedure Documents (the “**Required Documents**”) include, but are not limited to (i) exercise notice(s) with information filled in; and (ii) declaration and proof in respect of satisfaction of criteria and entitlement conditions to exercise the Right. The Required Documents must be submitted by hand or by post to the addresses as stated above during the Declaration Period (which will be from 20 January 2021 to 26 January 2021).

In case of any question on the satisfaction of criteria and entitlement conditions to exercise the Right, the valid exercise of the Right or submission of the Required Documents, the Offeror has the absolute discretion to determine the answer to such question.

The requirements regarding the Right are set out only in the SPM Articles and are not otherwise stipulated in any PRC Laws. There is no written/published administrative guidance on the substantive and procedural rules as to how the “fair price” will be determined under the PRC Laws nor does the SPM Articles set out any guidance or procedures as to how the “fair price” will be determined. Accordingly, no assurance may be given as to (i) the time required for such acquisition process; (ii) any favourable results to the Dissenting SPM Shareholders and/or (iii) the costs which may be incurred by the Dissenting SPM Shareholders in determining the “fair price” for such acquisition process.

WARNING

Shareholders and potential investors in the securities of SEG should exercise caution when dealing in the securities of SEG. 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

20 January 2021

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*