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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

(1) POLL RESULTS OF THE SPM EGM AND THE SPM H SHAREHOLDERS' CLASS MEETING HELD ON MONDAY, 11 JANUARY 2021 RELATING TO THE PROPOSED PRIVATISATION OF SPM BY THE OFFEROR BY WAY OF MERGER BY ABSORPTION

(2) PROPOSED WITHDRAWAL OF LISTING AND LAST DAY OF TRADING

AND

(3) INFORMATION REGARDING EXERCISE OF RIGHT OF DISSENTING SPM SHAREHOLDERS

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; 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.

RESULTS OF THE SPM EGM AND THE SPM H SHAREHOLDERS’ CLASS MEETING

SEG, the Offeror and SPM are pleased to announce that the proposed resolutions set out in the notice of the SPM EGM and the notice of the SPM H Shareholders’ Class Meeting were voted by way of poll and all of them were duly passed on 11 January 2021.

The SPM EGM and the SPM H Shareholders’ Class Meeting were held at Meeting Center, North 6th Floor, 2747 Songhuajiang Road, Hongkou District, Shanghai, PRC respectively at 9:00 a.m. and immediately following the conclusion of the SPM EGM on Monday, 11 January 2021.

In compliance with the requirements of the Listing Rules and Rule 2.9 of the Takeovers Code, Tricor Investor Services Limited, the SPM H Share registrar acted as the scrutineer for the vote-taking at the SPM EGM and the SPM H Shareholders’ Class Meeting.

The poll results in respect of the SPM EGM and the SPM H Shareholders' Class Meeting are as follows:

(i) The poll results in respect of the SPM EGM

SPECIAL RESOLUTION		NUMBER OF VALID VOTES (%)	
		For	Against
(1)	<p>(a) To consider and, if thought fit, to approve, confirm and ratify the Merger Agreement dated 15 October 2020 entered into between SPM and the Offeror and the Merger and the transactions contemplated under the Merger Agreement.</p> <p>(b) To consider and, if thought fit, to approve that any SPM Director and/or Company Secretary be authorised to do all such acts and things, to sign and execute all such other documents, deeds and instruments, to make applications to the relevant regulatory authorities and to take such steps as he may consider necessary, appropriate, expedient and in the interest of SPM to give effect to and in connection with any transactions contemplated under the Merger Agreement.</p>	<p>1,241,783,445 97.68% <i>(Note 1)</i></p>	<p>29,536,000 2.32% <i>(Note 1)</i></p>

Notes:

1. Based on the total number of votes attaching to all the SPM Shares held by the SPM Shareholders cast in person or by proxy at the SPM EGM.
2. The percentage figures included in the poll results in respect of the SPM EGM above have been subject to rounding adjustments.

As at the date of the SPM EGM, the total number of issued SPM Shares is 1,725,943,420, comprising 814,291,420 SPM Domestic Shares and 911,652,000 SPM H Shares, which was the total number of SPM Shares entitling the holders to attend and vote for or against the resolution at the SPM EGM.

Save for the 22,244,170 SPM H Shares (representing approximately 2.44% of all the SPM H Shares in issue and 1.29% of all the SPM Shares in issue) held by the Incentive Scheme Trustee, there were no other restrictions imposed on any other SPM Shareholder to cast votes on the aforesaid resolution passed at the SPM EGM or to abstain from voting. There was no SPM Shares entitling the SPM Shareholders to attend and vote only against the special resolution at the SPM EGM. No SPM Shareholder had previously stated any intention in the Composite Document to vote against the resolution proposed at the SPM EGM or to abstain from voting.

The SPM EGM was convened by the SPM Board and chaired by Mr. Zhou Zhiyan, the Chairman of SPM Board. The SPM Shareholders and authorised proxies holding an aggregate of 1,271,319,445 SPM Shares, representing approximately 73.66% of the total issued share capital of SPM were present at the SPM EGM.

With respect to the special resolution at the SPM EGM, since more than two-thirds of the votes attaching to the SPM Shares held by the SPM Shareholders present in person or by proxy at the SPM EGM were cast in favour of the resolution, the special resolution was passed by way of poll at the SPM EGM in accordance with the requirements of the PRC Laws and the SPM Articles.

(ii) The poll results in respect of the SPM H Shareholders' Class Meeting

SPECIAL RESOLUTION		NUMBER OF VALID VOTES (%)	
		For	Against
(1)	(a) To consider and, if thought fit, to approve, confirm and ratify the Merger Agreement dated 15 October 2020 entered into between SPM and the Offeror and the Merger and the transactions contemplated under the Merger Agreement.	234,666,563 88.82% <i>(Note 1)</i>	29,536,000 11.18% <i>(Note 1)</i> 4.36% <i>(Note 2)</i>
	(b) To consider and, if thought fit, to approve that any SPM Director and/or Company Secretary be authorised to do all such acts and things, to sign and execute all such other documents, deeds and instruments, to make applications to the relevant regulatory authorities and to take such steps as he may consider necessary, appropriate, expedient and in the interest of SPM to give effect to and in connection with any transactions contemplated under the Merger Agreement.		

Notes:

1. Based on the total number of votes attaching to all the SPM H Shares held by the Independent SPM H Shareholders cast in person or by proxy at the SPM H Shareholders' Class Meeting.
2. Based on the total number of votes attaching to all the SPM H Shares held by the Independent SPM H Shareholders.
3. The percentage figures included in the poll results in respect of the SPM H Shareholders' Class Meeting above have been subject to rounding adjustments.

The total number of SPM H Shares entitling the Independent SPM H Shareholders to attend and vote for or against the resolution at the SPM H Shareholders' Class Meeting was 676,660,368 SPM H Shares, representing approximately 74.22% of all the SPM H Shares in issue.

The Offeror and its concert parties, who hold an aggregate of 1,049,283,052 SPM Shares (being 234,991,632 SPM H Shares and 814,291,420 SPM Domestic Shares), representing approximately 60.79% of all the SPM Shares in issue, were required to, and did, abstain from voting at the SPM H Shareholders' Class Meeting in accordance with the Takeovers Code. There were no other restrictions imposed on any SPM Independent H Shareholders to cast votes on the aforesaid resolution passed at the SPM H Shareholders' Class Meeting. There was no SPM H Share entitling the Independent SPM H Shareholders to attend and vote only against the special resolution at the SPM H Shareholders' Class Meeting. No Independent SPM H Shareholder has stated its intention in the Composite Document to vote against the resolution proposed at the SPM H Shareholders' Class Meeting or to abstain from voting.

SPM H Shares held by any connected exempt principal trader connected with the Offeror or SPM must not be voted in the context of the Merger in accordance with Rule 35.4 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the SPM Shares as a simple custodian for and on behalf of non-discretionary clients that are entitled to vote in the context of the Merger, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant SPM Shares, and all voting instructions shall originate from the client only, and if no instructions are given, then no votes shall be cast for the relevant SPM Shares held by the connected exempt principal trader.

Exempt principal traders within the BNP Paribas group did not exercise the voting rights attached to the SPM Shares held in their names in respect of the resolution to approve the Merger and the transactions contemplated under the Merger Agreement at the SPM H Shareholders' Class Meeting.

The SPM H Shareholders' Class Meeting was convened by the SPM Board and chaired by Mr. Zhou Zhiyan, the Chairman of SPM Board. The Independent SPM H Shareholders and authorised proxies holding an aggregate of 264,202,563 SPM H Shares, representing approximately 39.05% of the total number of votes attaching to all the SPM H Shares held by the Independent SPM H Shareholders were present at the SPM H Shareholders' Class Meeting.

With respect to the special resolution at the SPM H Shareholders' Class Meeting, since more than 75% of the votes attaching to the SPM H Shares held by the Independent SPM H Shareholders present in person or by proxy at the SPM H Shareholders' Class Meeting were cast in favour of the resolution and the number of votes cast against the resolution amounted to not more than 10% of the votes attaching to all the SPM H Shares held by all the Independent SPM H Shareholders, the special resolution was passed by way of poll at the SPM H Shareholders' Class Meeting in accordance with the requirements of Rule 6.15(2) of the Listing Rules and Rule 2.10 of the Takeovers Code.

FULFILMENT OF THE CONDITIONS TO EFFECT THE MERGER AGREEMENT

As at the date of this joint announcement, the Effectiveness Conditions have been fulfilled. Accordingly, the Merger Agreement has become effective.

The SPM Shareholders and investors are reminded that the implementation of the Merger shall be subject to the fulfilment (or waiver, if applicable) of the Implementation Conditions, which are set out as follows:

- (1) there being no material breach of the representations, warranties or undertakings given by the Offeror in the Merger Agreement which has a material adverse impact on the Merger;
- (2) there being no material breach of the representations, warranties or undertakings given by SPM in the Merger Agreement which has a material adverse impact on the Merger;
- (3) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Merger void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Merger (other than such order(s) or decision(s) that would not have a material adverse effect on the legal ability of the Offeror to proceed with the Merger);
- (4) no event having occurred which would make the Merger void, unenforceable or illegal or which would prohibit the implementation of the Merger or impose any additional material conditions or obligations with respect to the Merger or any part thereof or otherwise on the SEG Group or the SPM Group (other than such event(s) that would not have a material adverse effect on the legal ability of the Offeror to proceed with the Merger); and

- (5) save in connection with the implementation of the Merger, the listing of the SPM H Shares on the Stock Exchange not having been withdrawn, and no indication having been received from the SFC and/or the Stock Exchange, to the effect that the listing of the SPM H Shares on the Stock Exchange is or is likely to be withdrawn.

As at the date of this joint announcement, none of the Implementation Conditions has been satisfied or waived.

SEG, the Offeror and SPM will jointly issue an announcement stating whether the Implementation Conditions have been fulfilled or waived (as applicable) on or before Wednesday, 20 January 2021.

PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE SPM H SHARES AND LAST DAY OF TRADING

SPM has obtained approval from the Stock Exchange for the withdrawal of the listing of the SPM H Shares on the Stock Exchange, which is subject to the Merger becoming effective, in accordance with Rule 6.15(2) of the Listing Rules.

It is currently expected that (i) the last day of dealings in the SPM H Shares on the Stock Exchange will be Tuesday, 12 January 2021; and (ii) the voluntary withdrawal of listing of the SPM H Shares on the Stock Exchange would occur at 9:00 a.m. on Wednesday, 20 January 2021.

On the assumption that the Implementation Conditions have been fulfilled (or waived, as applicable) on Wednesday, 20 January 2021, the cheques for payment of the Cancellation Price will be despatched to the SPM Shareholders on or before Friday, 29 January 2021. The SPM H Shareholders will be notified by way of an announcement if there are any additional developments.

EXERCISE OF RIGHT 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.

For the avoidance of doubt, if the Merger does not proceed as a result of the Implementation Conditions not being satisfied (or waived, if applicable) or if the Merger otherwise lapses or does not become unconditional, the Dissenting SPM Shareholders (if any) shall not be entitled to exercise the Right as described above.

GENERAL

As at 15 October 2020 (being the commencement date of the offer period), the Offeror and its concert parties held, controlled or directed 1,049,283,052 SPM Shares, representing approximately 60.79% of the total issued SPM Shares. As at the date of this joint announcement, none of the Offeror or its concert parties had acquired or agreed to acquire any SPM Shares or any convertible securities, warrants, options or derivatives in respect of the SPM Shares during the offer period.

As at the date of this joint announcement, neither the Offeror nor its concert parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of SPM.

WARNING

Completion 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 Implementation Conditions will be satisfied (or waived, if applicable), and thus 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 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*