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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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Shanghai Prime Machinery Company Limited (the “Company”) will be held at 1:00 p.m. on 21 October 2011 at No.3 Meeting Room, Hotel Nikko Shanghai, 488 West Yan An Road, Shanghai, the People’s Republic of China to consider and, if thought fit, passing the following resolutions:

AS ORDINARY RESOLUTIONS:

1. To consider and approve the framework sales agreement dated 12 August 2011 entered into between the Company and Shanghai Electric Group Company Limited and the transactions contemplated thereunder;
2. To consider and approve the framework financial services agreement dated 12 August 2011 entered into between the Company and Shanghai Electric Group Finance Co., Ltd. and the transactions contemplated thereunder;
3. To consider, re-elect and approve the appointment of Mr Zheng Yuanhu as the executive director of the Company;
4. To consider, re-elect and approve the appointment of Mr Zhu Weiming as the executive director of the Company;
5. To consider, re-elect and approve the appointment of Mr Hu Kang as the executive director of the Company;
6. To consider and approve the appointment of Mr Sun Wei as the executive director;
7. To consider and approve the appointment of Mr Yuan Mifang as the executive director of the Company;
8. To consider, re-elect and approve the appointment of Ms Zhu Xi as the executive director of the Company;

9. To consider, re-elect and approve the appointment of Mr Chan Chun Hong (Thomas) as the non-executive director of the Company;
10. To consider, re-elect and approve the appointment of Mr Ling Hong, as the non-executive director of the Company;
11. To consider and approve the appointment of Mr Li Yin, as the non-executive director of the Company;
12. To consider, re-elect and approve the appointment of Mr Xu Chao as the supervisor of the Company (non-employee representative); and
13. To consider, re-elect and approve the appointment Ms Hu Peiming as the supervisor of the Company (non-employee representative).

By Order of the Board
Shanghai Prime Machinery Company Limited
Li Wai Chung
Company Secretary

Shanghai, the People's Republic of China

2 September 2011

Notes:

1. The voting at the EGM shall be conducted by way of poll.
2. 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 21 October 2011 are entitled to attend and vote at the EGM after completing the relevant registration procedures. The register of members of the Company will be closed from Thursday, 22 September 2011 to Friday, 21 October 2011 (both days inclusive), during which time 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, at or before 4:30 p.m. on 21 September 2011.
3. Shareholders who intend to attend the EGM in person or by proxy should complete the reply slip accompanying each notice of the EGM and return it to the Company's H Share registrar, or to the address of the company secretary of the Company ("**the Company Secretary**") (as may be applicable) on or before 30 September 2011 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.
4. Any shareholder of the Company 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 behalf. A proxy need not be a shareholder of the Company.

5. A proxy shall be appointed by an instrument in writing. 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).
6. Shareholders or their proxies are required to produce their identification documents when attending the EGM.
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
4th Floor
100 West Fuxing Road
Shanghai
The People's Republic of China
200031

Tel: (8621) 64729900
Fax: (8621) 64729889

Contact Person: Mr Li Wai Chung
 - iii. The address of the Company's H Share registrar:

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Tel No.: (852) 2980 1333
Fax No.: (852) 2810 8185

As at the date of this notice, the board of the Company comprises Mr Zheng Yuanhu, Mr Zhu Weiming, Mr Hu Kang, Mr Yu Xiufeng, Ms Zhu Xi and Mr Xu Jianguo as executive directors and Mr Chan Chun Hong (Thomas), Mr Liu Huangsong and Mr Ling Hong as independent non-executive directors.