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FOR REFERENCE ONLY

Subject : Display of Adjusted Previous Closing Price of Shanghai Prime Machinery Company Limited (stock code 2345) on OTP-C for its 1-for-5 Rights Issue on Ex-Rights Date, 8 November 2018

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Pursuant to the rights issue timetable issued by Shanghai Prime Machinery Company Limited ("Shanghai Prime"), Shanghai Prime's H shares (stock code: 2345) will be marked "ex-rights" on 8 November 2018, the Ex-Rights Date. Shareholders, investors and market participants should read the Shanghai Prime's announcements and prospectus documents in full including the terms and conditions of the rights issue of Shanghai Prime in dealing with Shanghai Prime's H shares. If they are in doubt, they should consult their professional adviser(s).

As an OTP-C standard practice for ex-rights issue and for reference only, an Adjusted Previous Closing Price will be displayed in the "PRV CLOSE" field of Shanghai Prime's OTP-C stock page on 8 November 2018, the Ex-Rights Date. The unadjusted previous closing price will instead be displayed in the free text field. Calculation of the Adjusted Previous Closing Price will be based on Shanghai Prime's closing price on 7 November 2018 (i.e. last cum-rights trading day) and by using the following standard adjustment formula for rights issue generally.

Adjustment Formula:

Adjusted Previous Closing Price

$$= [(Closing Price on the last cum-rights trading day \times Y) + (S \times X)] \div (X + Y)$$

where:

S = Subscription price per H rights share, i.e. HK\$1.30

X = Number of H rights shares a shareholder is entitled to subscribe when he/she holds Y existing H shares on the record date, i.e. 1 H rights share

Y = Number of existing H shares a shareholder has to hold on the record date for entitling him/herself to subscribe for X H rights shares, i.e. 5 H shares

Note: Price adjustment for rights issue will not be made and the previous closing price will remain unchanged on ex-rights date when the subscription price is higher than the closing price of the shares on the last cum-rights trading day.

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For illustration purpose, depending on Shanghai Prime's closing price on 7 November 2018, the Exchange shall base on the above standard formula for rights issue generally to calculate and display the Adjusted Previous Closing Price on Shanghai Prime's OTP-C stock page on 8 November 2018 as follows:-

<u>CUM-RIGHTS</u>	<u>EX-RIGHTS</u>
<u>Unadjusted Closing Price</u>	<u>Adjusted</u>
<u>on 7 November 2018</u>	<u>Previous Closing Price</u>
(HK\$)	(HK\$)
1.160	1.160*
1.170	1.170*
1.180	1.180*
1.190	1.190*
1.200	1.200*
1.210	1.210*
1.220	1.220*
1.230	1.230*
1.240	1.240*
1.250	1.250*
1.260	1.260*
1.270	1.270*
1.280	1.280*
1.290	1.290*
1.300	1.300
1.312	1.310
1.324	1.320
1.336	1.330
1.348	1.340
1.360	1.350
1.372	1.360
1.384	1.370
1.396	1.380
1.408	1.390
1.420	1.400
1.432	1.410
1.444	1.420
1.456	1.430
1.468	1.440
1.480	1.450

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