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**CQME**

**Chongqing Machinery & Electric Co., Ltd.\***

**重慶機電股份有限公司**

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

*(Stock Code: 02722)*

## **INSIDE INFORMATION HIGH-POWERED ENGINE PROJECT**

This announcement is made by Chongqing Machinery & Electric Co., Ltd. (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement dated 28 August 2013 of the Company (the “**Announcement**”) in respect of, inter alia, the QSK50, QSK60 and QSK72 contracts, regarding technological license of high-powered diesel engines, entered into by Chongqing Cummins Engine Company Limited\* (重慶康明斯發動機有限公司) (“**Chongqing Cummins**”) and Cummins Inc.

The board (the “**Board**”) of directors of the Company is pleased to announce that on 29 September 2014, the Board has approved the high-powered engine project (the “**Project**”) of Chongqing Cummins, a joint venture of the Company.

Pursuant to the Project, Chongqing Cummins will acquire a piece of land of 400 Mu\* (畝) in Pingchang Industrial Garden, Beibu New District, Chongqing, the PRC to build a high-powered engine research and development centre and manufacturing lines. The Board believes that the productivity of the high-powered engine of Chongqing Cummins will be significantly enhanced, thus enabling Chongqing Cummins to stay sustainable competitive in domestic and global high-powered engine markets. The Project will enable Chongqing Cummins to develop its products and technology at an international level and improve the qualities and performance of its products.

The total investment of the Project is expected to be approximately RMB1,528,490,000 of which RMB1,398,630,000 will be fixed asset investment and RMB129,860,000 will be working capital. Chongqing Cummins will be responsible for the financing of the Project.

By Order of the Board of  
**Chongqing Machinery & Electric Co., Ltd.\***  
**Wang Yuxiang**  
*Executive Director and Chairman*

Chongqing, the PRC  
29 September 2014

*As at the date of the announcement, the executive Directors are Mr. Wang Yuxiang, Mr. Yu Gang, Mr. Ren Yong and Mr. Xiang Hu; the non-executive Directors are Mr. Huang Yong, Mr. Wang Jiyu, Mr. Yang Jingpu and Mr. Deng Yong; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Jin Jingyu and Mr. Liu Wei.*

\* *For identification purposes only*