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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)

(Stock Code: 02722)

ANNOUNCEMENT

OBTAINING APPROVAL OF THE PUBLIC ISSUE OF CORPORATE BONDS TO ELIGIBLE INVESTORS IN THE PRC FROM THE CHINA SECURITIES REGULATORY COMMISSION

This announcement is made by the board of directors (the “Board”) of Chongqing Machinery & Electric Co., Ltd. (the “Company”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

The Company received the “Approval of the Corporate Bond Public Issue to Eligible Investors of Chongqing Machinery & Electric Co., Ltd. (《關於核准重慶機電股份有限公司向合格投資者公開發行公司債券的批覆》) (Zheng Jian Xu Ke [2016] No.701) from the China Securities Regulatory Commission today, which approved the public issue of Corporate Bonds of aggregate nominal value of up to RMB1.5 billion (inclusive) to eligible investors in the PRC by the Company. The approval shall remain effective for six months from the date of approval.

ISSUE OF CORPORATE BONDS IN THE PRC

Reference is made to the circular of the Company dated 23 October 2015 (the “Circular”).

The extraordinary general meeting of the Company was held on 8 December 2015, at which the shareholders approved the issue of corporate bonds of RMB1.5 billion (the “Corporate Bonds”) by the Company.

* *For identification purposes only*

The particulars of the issue of Corporate Bonds are set out as follows:

1. Size of issue: an aggregate nominal value of up to RMB1.5 billion (inclusive), in one tranche.
2. Issue target: the Corporate Bonds will be offered to qualified investors as provided under the “Administrative Measures for the Issue and Trading of Corporate Bonds” without any preferential placement to shareholders of the Company.
3. Maturity of bonds: not exceeding 5 years (inclusive) and may have single or multiple maturities, which will be determined in accordance with the Company’s needs and market conditions.
4. Par value and issue price: the bonds will be issued at par with a nominal value of RMB100 each.
5. Determination of annual coupon rate: it will be determined with reference to the market conditions and the capital needs of the Company prior to the issue.
6. Use of proceeds: including but not limited to repaying the 11 Chong Ji Zhai, replenishing the liquidity of the Company, repaying bank debts and adjusting debt structure.
7. Validity period of the resolution: within 12 months after the date of considering and passing the resolutions at the extraordinary general meeting.
8. Listing arrangements: subject to the satisfaction of the relevant listing requirements, the Company will apply for listing of the Corporate Bonds on a domestic stock exchange as approved by the relevant PRC regulatory authorities.
9. Guarantee terms: will be determined by the Board as approved and authorized at the extraordinary general meeting.

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The Company shall make further announcement in respect of the issue of Corporate Bonds from time to time in accordance with the Listing Rules.

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

Chongqing, the PRC
12 April 2016

As at the date of the announcement, the executive Directors are Mr. Wang Yuxiang, Mr. Xiang Hu and Mr. Yang Quan; 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.