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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)

## **NOTICE OF THE ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “Meeting” or “AGM”) of Chongqing Machinery & Electric Co., Ltd.\* (the “Company”) will be held at the Conference Room, 13/F, Jidian Building, No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC on Tuesday, 28 June 2016 at 9:00 a.m. (or any adjournment thereof) for the following purposes:

### **ORDINARY RESOLUTIONS**

1. To consider and approve the report of the board of directors of the Company (the “Board”) for the year ended 31 December 2015;
2. To consider and approve the report of the Supervisory Committee of the Company for the year ended 31 December 2015;
3. To consider and approve the audited financial statement of the Company and its subsidiaries and the Auditor’s Report for the year ended 31 December 2015;
4. To consider and approve the profit appropriation proposal of the Company for the year ended 31 December 2015 and the declaration of the final dividend of RMB0.025 per share (tax inclusive);

\* *For identification purposes only*

5. To consider and approve the re-appointment of PricewaterhouseCoopers Zhong Tian CPAs (special general partnership) as the PRC auditor and PricewaterhouseCoopers as the international auditor of the Company in 2016 to hold office until the conclusion of the next annual general meeting and the total review and audit fees of RMB3.50 million for the Company's 2016 interim financial statements and annual financial statements;
6. To consider and approve the Master Sales Agreement entered into between the Company and Chongqing Machinery and Electric Holding (Group) Co., Ltd. on 7 April 2016 (the "2017-2019 Master Sales Agreement") and the proposed annual caps for such transactions for the three years ended 31 December 2019; and to authorize the directors of the Company to do all such further acts and thing and execute all such further documents and take all such steps that are ancillary to 2017-2019 Master Sales Agreement and of administrative nature which, in their absolute discretion, to implement and/or give effect to the matters contemplated under this resolution;
7. To consider and approve the transactions in respect of the deposit services under the financial services framework agreement entered into between the Company and Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd. on 7 April 2016 ("2017-2019 Group Financial Services Framework Agreement") and the proposed annual caps for such transactions for the three years ended 31 December 2019; and to authorize the directors of the Company to do all such further acts and things and execute all such further documents and take all such steps that are ancillary to the deposits services under 2017-2019 Group Financial Services Framework Agreement and of administrative nature which, in their absolute discretion, to implement and/or give effect to the matters contemplated under this resolution;
8. To consider and approve the transaction in respect of the loan services under the financial services framework agreement entered into between Chongqing Machinery and Electronic Holding (Group) Co., Ltd. and Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd. on 7 April 2016 ("2017-2019 Parent Group Financial Services Framework Agreement") and the proposed annual caps for such transactions for the three years ended 31 December 2019 and to authorize the directors of the Company to do all such further acts and things and execute all such further documents and take all such steps that are ancillary to the loan services under the 2017-2019 Parent Group Financial Services Framework Agreement and of administrative nature which, in their absolute direction, to implement and/or give effect to the matters contemplated under this resolutions;
9. (a) To consider and approve the appointment of Mr. Wei Fusheng as a non-executive Director of the next session of the Board of the Company to hold office from the date of the AGM until expiry of the term of the next session of the Board and to authorize the Board to fix the remuneration of Mr. Wei Fusheng pursuant to the remuneration standard for Directors passed at the 2015 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;

- (b) To consider and approve the appointment of Mr. Deng Yong as a non-executive Director of the next session of the Board of the Company to hold office from the date of the AGM until expiry of the term of the next session of the Board and to authorize the Board to fix the remuneration of Mr. Deng Yong pursuant to the remuneration standard for Directors passed at the 2015 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;
  - (c) To consider and approve the appointment of Ms. He Xiaoyan as a non-executive Director of the next session of the Board of the Company to hold office from the date of the AGM until expiry of the term of the next session of the Board and to authorize the Board to fix the remuneration of Ms. He Xiaoyan pursuant to the remuneration standard for Directors passed at the 2015 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;
- 10. To consider and approve the remuneration standards for the fourth session of the Board and the Supervisory Committee;
  - 11. To consider and approve the provision of guarantee by the Company for loan of Holroyd of GBP17 million;
  - 12. To consider and approve the provision of guarantee by the Company for loans of PTG Development of USD70 million.

### **SPECIAL RESOLUTIONS**

- 13. To consider and approve the amendments to the Articles of Association of the Company by ways as stated in the circular dispatched to Shareholders by the Board of the Company and to authorize the Board to deal with all matters as required in respect of the amendments to the Articles of Association in accordance with any requirements under domestic or overseas laws (if any) and provisions of any stock exchange where the securities of the Company are listed;
- 14. To give a general mandate to the Board to allot, issue and deal with additional Domestic Shares and/or the H Shares and to make or grant offers, agreements and/or options in respect thereof (the “General Mandate”), subject to the following conditions:

**“THAT**

- (A) (a) the General Mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;

- (b) the aggregate number of the Domestic Shares and the H Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board (otherwise than pursuant to any scrip dividend scheme (or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend), any share option scheme, rights issue or any separate approval of the shareholders of the Company) shall not exceed:
- (i) 20 per cent of the aggregate number of the Domestic Shares in issue; and
  - (ii) 20 per cent of the aggregate number of the H Shares in issue, respectively, in each case as at the date of passing of this resolution; and
- (c) the Board will only exercise its power under the General Mandate in accordance with the company law of the PRC and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as each of them may be amended from time to time) and only of all necessary approvals from the China Securities Regulatory Commission and/or other relevant government authorities in the PRC are obtained;

and, for the purposes of this resolution:

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| “Domestic Share(s)” | mean domestic ordinary share(s) in the share capital of the Company which are subscribed and/or paid for in Renminbi;   |
| “H Share(s)”        | mean overseas listed foreign invested shares (being ordinary shares) in the share capital of the Company which are subscribed and/or paid for in Hong Kong dollars or foreign currency other than Renminbi;   |
| “Relevant Period”   | means the period from the date of passing this resolution until the earlier of: (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution, unless, by special resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or (b) the expiry of the period within which the next annual general meeting is required by the articles of association of the Company or any applicable law to be held; or (c) the passing of a special resolution of the Company in a general meeting revoking or varying the authority set out in this resolution; |

“Rights Issue” means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding, as the Board may decide, for such purpose any shareholder who is resident in a place where such offer is not permitted under the law or regulation of that place) entitled to such offer, pro rata (apart from fractional entitlements) to their then existing holdings of shares; and

- (B) contingent on the Board resolving to exercise the General Mandate and/or issue shares pursuant to paragraph (a) of this resolution, the Board be and is hereby authorised:
- (a) to approve, execute and do, and/or procure to be executed and done all such documents, deeds and matters which it may consider necessary in connection with the exercise of the General Mandate and/or the issue of shares, including but not limited to the time, price, quantity and place for such issue, to make all necessary applications to the relevant authorities, and to enter into underwriting agreement(s) or any other agreement(s);
  - (b) to determine the use of proceeds and to make all necessary filings and registration with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate); and
  - (c) to increase the registered capital of the Company and make all necessary amendments to the Articles of Associations to reflect such increase and to register the increased capital with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate) so as to reflect the new capital and/or share capital structure of the Company.”

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

Chongqing, the PRC  
13 May 2016

*Notes:*

1. A member of the Company (“Member”) entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not to be a Member. A form of proxy for use at the Meeting is enclosed herewith. Where two or more persons are registered as joint holders of any Share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such Share at the Meeting, and this notice shall be deemed to be given to all joint holders of such Share.
2. To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company’s H shares register Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, and in case of holders of domestic shares, to the Company’s mailing address at No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC, not later than 24 hours before the time appointed for holding the Meeting or the time appointed for passing the resolutions or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. In order to determine the Members who are entitled to attend and vote at the Meeting, the register of Members will be closed from 29 May 2016 to 28 June 2016, both days inclusive, during which period no transfer of H shares of the Company will be effected. All transfer documents accompanied by the relevant share must be lodged with the Company’s H share registrar Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 27 May 2016.
4. In order to ascertain the shareholders who are entitled to receive the final dividend, the register of members of the Company will be closed from Tuesday, 5 July 2016 to Sunday 10 July 2016, both days inclusive, during which period no transfer of shares will be effected. All transfer documents accompanied by the relevant share certificates must be lodged at our H Share Register Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 4 July 2016.
5. Whether the holders of H shares of the Company could attend the Meeting, please complete the enclosed reply slip for the Meeting and return it, by hand or by post, to the Company’s H share registrar Computershare Hong Kong Investor Serviced Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, or by fax on or before Wednesday, 8 June 2016.
6. Whether the holders of domestic shares of the Company could attend the Meeting, please complete the enclosed reply slip for the Meeting and return it by hand or by post, to the Company’s mailing address at No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC, or by fax on or before Wednesday, 8 June 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.*