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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)

SUPPLEMENTAL NOTICE OF THE ANNUAL GENERAL MEETING

Reference is made to the notice of the annual general meeting (the “Meeting” or “AGM”) of Chongqing Machinery & Electric Co., Ltd.* (the “Company”) dated 13 May 2016 (the “Former AGM Notice”) which sets out the resolutions to be considered by shareholders at the AGM to 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).

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM, which will be held as originally scheduled, will consider and, if thought fit, pass the following ordinary resolution in addition to the resolutions set out in the Former AGM Notice:

ORDINARY RESOLUTIONS

9. (a) To consider and approve the appointment of Mr. Wang Yuxiang as an 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. Wang Yuxiang 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 Ms. Chen Ping as an 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. Chen Ping pursuant to the remuneration standard for Directors

* *For identification purposes only*

passed at the 2015 annual general meeting and to enter into a service agreement with her 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 Mr. Yang Quan as an 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. Yang Quan 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;
- (d) To consider and approve the appointment of Mr. Huang 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. Huang 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;
- (h) To consider and approve the appointment of Mr. Lo Wah Wai as an independent 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. Lo Wah Wai 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;
- (i) To consider and approve the appointment of Mr. Ren Xiaochang as an independent 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. Ren Xiaochang 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;
- (j) To consider and approve the appointment of Mr. Jin Jingyu as an independent 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. Jin Jingyu 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;

- (k) To consider and approve the appointment of Mr. Liu Wei as an independent 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. Liu Wei 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. (a) To consider and approve the appointment of Mr. Xiang Hu as a supervisor of the next session of the Board of Supervisors of the Company to hold office from the date of the AGM until expiry of the term of the next session of the Board of Supervisors and to authorize the Board to fix the remuneration of Mr. Xiang Hu pursuant to the remuneration standard for supervisors 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 Ms. Wu Yi as an independent supervisor of the next session of the Board of Supervisors of the Company to hold office from the date of the AGM until expiry of the term of the next session of the Board of Supervisors and to authorize the Board to fix the remuneration of Ms. Wu Yi pursuant to the remuneration standard for supervisors passed at the 2015 annual general meeting and to enter into a service agreement with her 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 Mr. Huang Hui as an independent supervisor of the next session of the Board of Supervisors of the Company to hold office from the date of the AGM until expiry of the term of the next session of the Board of Supervisors and to authorize the Board to fix the remuneration of Mr. Huang Hui pursuant to the remuneration standard for supervisors 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;
11. To consider and approve the provision of guarantee by the Company for PTG Loans of GBP4 million.

The ordinary resolutions numbered 9(a), 9(b), 9(c), 10, 11 and 12 set out in the Former AGM Notice shall be re-numbered and referred to as ordinary resolutions numbered 9(e), 9(f), 9(g), 11, 13 and 14;

The special resolutions numbered 13 and 14 set out in the Former AGM Notice shall be re-numbered and referred to as special resolutions numbered 15 and 16.

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

Chongqing, the PRC
8 June 2016

Notes:

- (1) A revised proxy form is enclosed with this notice. Whether or not you are able to attend the AGM, you are requested to complete the enclosed revised proxy form in accordance with the instructions printed thereon and return the same to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the revised proxy form will not preclude the shareholders of the Company from attending and voting in person at the AGM or at any adjournment thereof.
- (2) Please refer to the Former AGM Notice for details in respect of the eligibility for attending the AGM, proxy, registration procedures, closure of register of members and other relevant matters.
- (3) Please refer to the Former AGM Notice in respect of the timing and address for attending the AGM and other relevant matters.

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.