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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO 2016 ANNUAL REPORT

Reference is made to the 2016 Annual Report published by Chongqing Machinery & Electric Co., Ltd. (the “**Company**”) on 12 April 2017. Capitalised terms used herein shall bear the same meanings as defined in the 2016 Annual Report.

The Company hereby provides the following supplemental information regarding the 2016 Annual Report:

Regarding the related party transactions as set out in Note 37 of the Notes to the Consolidated Financial Statements in the 2016 Annual Report, of which, the underlying transactions under “(a) significant related party transactions”, “(b) balances with related parties” and “(c) financial guarantee contracts” constitute connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange (the “**Listing Rules**”), save for the aggregate amounts of RMB8,461,000 of “revenue from sales of goods” and RMB30,654,000 of “purchase of materials” as included in “transactions with the parent company, fellow subsidiaries and associates” and “transactions with associates” which are not incurred from connected transactions under Chapter 14A of the Listing Rules. For details of the transactions, please refer to the section “Continuing Connected Transactions” as set out in pages 70-77 in the 2016 Annual Report. With regards to the above mentioned connected transactions, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules from time to time.

Apart from the above transactions, the related party transactions as set out in Note 37 of the Notes to the Consolidated Financial Statements in the 2016 Annual Report do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

* *For identification purposes only*

Save for the above supplemental information, all information contained in the 2016 Annual Report remains unchanged.

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

Chongqing, the PRC
13 September 2017

As at the date of this announcement, the executive Directors are Mr. Wang Yuxiang, Ms. Chen Ping and Mr. Yang Quan; the non-executive Directors are Mr. Huang Yong, Mr. Wei Fusheng, Mr. Deng Yong and Ms. He Xiaoyan; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Jin Jingyu and Mr. Liu Wei.