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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)

AMENDMENT OF MAJOR TRANSACTION
LAND RESUMPTION BY GOVERNMENT

References are made to the announcement (the “**Announcement**”) dated 20 February 2014, the circular (the “**Circular**”) dated 30 April 2014 and the announcement dated 16 November 2018 of Chongqing Machinery & Electric Co., Ltd.* (the “**Company**”) in connection with the land resumption by the government. Terms used herein shall have the same meaning as defined in the Announcement and the Circular unless otherwise specified.

As stated in the Circular, due to the implementation of environmental relocation by Chongqing Water Turbine Works and Chongqing Machine Tool, Chongqing Land Group, on behalf of the Chongqing Municipal People's Government, shall take over the original factory area by way of land acquisition, and has entered into the First Land Disposal Agreement and the Second Land Disposal Agreement (the “**Agreements**”) with the Group, pursuant to which the Group shall dispose of and Chongqing Land Group shall buy Disposal Land No. 1 and Disposal Land No. 2. The Land Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules ; written approval on the Land Disposal has been obtained from Chongqing Machinery & Electronic Holding (Group) Co., Ltd. (the “**Parent Company**”) (as a substantial shareholder with more than 50% shareholding in the Company) pursuant to Rule 14.44 of the Listing Rules.

Subsequent to the approval of the Parent Company, the Land Disposal has been carried out in progress. As of the date of this announcement, Chongqing Land Group has paid RMB503,338,000 out of the total consideration of RMB544,460,000 to the Group pursuant to the First Land Disposal Agreement.

* *For identification purposes only*

Due to the adjustment of the government's land resumption policy, Chongqing Land Group no longer performs the duty of land resumption, and Chongqing Land Reserve Coordination Centre will be assigned to continue the resumption of the rest of the Disposal Land No. 1 and Disposal Land No. 2. The Company issued an announcement on the amendment to the Second Land Disposal Agreement on 16 November 2018. According to the work progress, Chongqing Land Group, the Group and Chongqing Land Reserve Coordination Centre entered into the 3-party Agreement (the "**3-party Agreement**") on 28 April 2019, to effect the transfer of rights and obligations under the First Land Disposal Agreement.

Pursuant to the 3-party Agreement, the total consideration payable by Chongqing Land Reserve Coordination Centre for the outstanding balance of the Second Land Disposal Agreement and the Additional Land amounts to approximately RMB41,122,000. The land area under the 3-party Agreement is consistent with the land area under the First Land Disposal Agreement.

The change of purchaser is solely because of changes in the land resumption policy of the government, its arrangement is primarily for the continuous performance of the First Land Disposal Agreement approved by the Parent Company pursuant to Rule 14.44 of the Listing Rules, and there are no material changes to its terms. The Group will complete the transfer of the Disposal Land No. 1 to Chongqing Land Reserve Coordination Centre for resumption in accordance with the 3-party Agreement.

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

Chongqing, the PRC
28 April 2019

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. Dou Bo and Mr. Wang Pengcheng; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Jin Jingyu and Mr. Liu Wei.