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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, 16/F, Jidian Building, No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC on Wednesday, 26 June 2019 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 2018;
2. To consider and approve the report of the Supervisory Committee of the Company for the year ended 31 December 2018;
3. To consider and approve the audited financial statements of the Company and its subsidiaries and the auditor’s report for the year ended 31 December 2018;
4. To consider and approve the profit appropriation proposal of the Company for the year ended 31 December 2018 and the declaration of the final dividend of RMB0.04 per share (tax inclusive);
5. To consider and approve the 2019 annual budget report of the Company;

* *For identification purposes only*

6. To consider and approve the appointment of ShineWing Certified Public Accountants (Special General Partnership) as the auditor of the Company for the year 2019 to hold office until the conclusion of the next annual general meeting and the total review and audit fees of RMB3.00 million for the Company's 2019 interim financial statements and 2019 annual financial report;
7. To consider and approve the Master Sales Agreement entered into between the Company and Chongqing Machinery and Electric Holding (Group) Co., Ltd. on 1 April 2019 (the “**2020-2022 Master Sales Agreement**”) and the proposed annual caps for such transactions for the three years ended 31 December 2022; 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 2020-2022 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;
8. 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 1 April 2019 (the “**2020-2022 Group Financial Services Framework Agreement**”) and the proposed annual caps for such transactions for the three years ended 31 December 2022; 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 the 2020-2022 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;
9. To consider and approve the transactions 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 1 April 2019 (the “**2020-2022 Parent Group Financial Services Framework Agreement**”) and the proposed annual caps for such transactions for the three years ended 31 December 2022 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 2020-2022 Parent 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;
10. 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 2018 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 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 passed at the 2018 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;
12. 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 2018 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;
13. 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 2018 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;
14. To consider and approve the appointment of Mr. Zhang Yongchao 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. Zhang Yongchao pursuant to the remuneration standard for Directors passed at the 2018 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;
15. To consider and approve the appointment of Mr. Dou Bo 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. Dou Bo pursuant to the remuneration standard for Directors passed at the 2018 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;
16. To consider and approve the appointment of Mr. Wang Pengcheng 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. Wang Pengcheng pursuant to the remuneration standard for Directors

- passed at the 2018 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;
17. 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 2018 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;
 18. 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 2018 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;
 19. 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 2018 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;
 20. 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 2018 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;
 21. To consider and approve the appointment of Mr. Sun Wenguang as a supervisor of the next session of the Supervisory Committee of the Company to hold office from the date of the AGM until expiry of the term of the next session of the Supervisory Committee and to authorize the Supervisory Committee to fix the remuneration of Mr. Sun Wenguang pursuant to the remuneration standard for supervisors passed at the 2018 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Supervisory Committee shall think fit and to do all such acts and things to give effect to such matters;

22. To consider and approve the appointment of Ms. Wu Yi as a supervisor of the next session of the Supervisory Committee of the Company to hold office from the date of the AGM until expiry of the term of the next session of the Supervisory Committee and to authorize the Supervisory Committee to fix the remuneration of Ms. Wu Yi pursuant to the remuneration standard for supervisors passed at the 2018 annual general meeting and to enter into a service agreement with her on and subject to such terms and conditions as the Supervisory Committee shall think fit and to do all such acts and things to give effect to such matters;
23. To consider and approve the appointment of Mr. Wang Haibing as a supervisor of the next session of the Supervisory Committee of the Company to hold office from the date of the AGM until expiry of the term of the next session of the Supervisory Committee and to authorize the Supervisory Committee to fix the remuneration of Mr. Wang Haibing pursuant to the remuneration standard for supervisors passed at the 2018 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Supervisory Committee shall think fit and to do all such acts and things to give effect to such matters;
24. To consider and approve the remuneration standards for the fifth session of the Board and the Supervisory Committee;
25. To consider and approve the provision of guarantee by the Company for comprehensive financing of Holroyd of GBP21 million;
26. To consider and approve the provision of guarantee by the Company for comprehensive financing of PTG Development of USD50 million;
27. To consider and approve the provision of guarantee by the Company for comprehensive financing of PTG Development or Holroyd of USD84.50 million;
28. To consider and approve the provision of guarantee by the Company for loans of Chongqing General of RMB110 million;
29. To consider and approve the provision of guarantee by Chongqing General for loans of Chongtong Chengfei of RMB817 million;

SPECIAL RESOLUTION

30. 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% of the aggregate number of the Domestic Shares in issue; and
- (ii) 20% 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 if 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:

“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 laws to be held; or (c) the passing of a special resolution of the Company at a general meeting revoking or varying the authority set out in this resolution;

“Rights Issue” means the allotment or issue of shares or other securities of the Company 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 Association 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
10 May 2019

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 registrar 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 27 May 2019 to 26 June 2019, 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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 24 May 2019.
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 Wednesday, 3 July 2019 to Monday, 8 July 2019, 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 registrar Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 2 July 2019.

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 Thursday, 6 June 2019.
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 Thursday, 6 June 2019.

As at the date of the notice, 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.