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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)

**VOLUNTARY ANNOUNCEMENT
INCREASE IN SHAREHOLDING BY THE CONTROLLING SHAREHOLDER**

This announcement is made by Chongqing Machinery & Electric Co., Ltd. (the “**Company**”) on a voluntary basis.

On 28 June 2019, the Company received a notice from its controlling shareholder Chongqing Machinery & Electronic Holding (Group) Co., Ltd. (“**CQMEHG**”) that during the period from 12 April to 27 June 2019, CQMEHG acquired 37,450,000 H shares in the Company at the average price of approximately HK\$0.7518 per share via the trading system of The Stock Exchange of Hong Kong Limited, representing approximately 3.40% in the Company’s total issued H share capital.

Prior to this increase in shareholding, CQMEHG held a total of 1,960,753,189 shares (including 1,924,225,189 domestic shares and 36,528,000 H shares) in the Company, representing approximately 53.21% of the total share capital of the Company. After this increase in shareholding, CQMEHG holds a total of 1,998,203,189 shares (including 1,924,225,189 domestic shares and 73,978,000 H shares) in the Company, representing approximately 54.23% of the total share capital of the Company.

The board of directors is of the view that the increase in shareholding of the Company by CQMEHG signifies that CQMEHG has full confidence in the future development of the Company.

* *For identification purposes only*

The Company will continue to monitor the increase in shareholding in the Company by CQMEHG, and make disclosure in accordance with applicable rules and regulations in due course. The Company has been in compliance with the minimum public float requirement of Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Chongqing, the PRC
28 June 2019

As at the date of the announcement, the executive Directors are Mr. Wang Yuxiang, Ms. Chen Ping and Mr. Yang Quan; the non-executive Directors are Mr. Huang Yong, Mr. Zhang Yongchao, 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.