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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)*

**VOLUNTARY ANNOUNCEMENT  
LATEST DEVELOPMENT OF AN OVERSEAS ASSOCIATE**

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

Reference is made to the Company’s voluntary announcement dated 4 November 2016 (the “**Announcement**”) in relation to the acquisition of 49% equity interests in Water Gen Power S.r.l., an Italian company (the “**WGP Company**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the **Announcement**.

The WGP Company was incorporated in Genova of Italy in 2008, and its major business is the construction of brand new small and medium-sized hydroelectric power plants and the transformation of old hydroelectric power plants. As at the date of this announcement, the Company holds 49% equity interest in the WGP Company, and the WGP Company is an associate of the Company.

Due to operational difficulties, the WGP Company filed a voluntary liquidation application with the relevant court (the “**Court**”) in Italy on 6 August 2019. On 15 August 2019 (Beijing time), the Company received the written documents forwarded by the controlling shareholder of the WGP Company in relation to the acceptance of the WGP Company’s voluntary liquidation application by the Court and the appointment of the administrator.

\* *For identification purposes only*

The Company does not expect that the WGP Company's voluntary liquidation will have a material adverse impact on the Company, and will make further announcements in due course based on the progress of the WGP Company's liquidation.

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

Chongqing, the PRC  
16 August 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.*