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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
THE RESEARCH AND DEVELOPMENT CENTRE OF
HIGH-POWERED DIESEL ENGINES OF CHONGQING CUMMINS
OFFICIALLY PUT INTO OPERATION**

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

Reference is made to the Company’s further announcement dated 27 January 2015 in relation to official commencement of the construction project of the research and development centre and production lines of high-powered diesel engines of Chongqing Cummins.

The board of directors (the “**Board**”) of the Company is pleased to announce that, the research and development centre of high-powered diesel engines of Chongqing Cummins (the “**Research and Development Centre**”) has been officially put into operation on 3 September 2019.

The investment in the Research and Development Centre amounts to approximately RMB250 million, and it is equipped with an advanced electrical dynamometer system. Its maximum power is 3,500 KW, and could conduct performance test, emission test and reliability test for 14L to 72L displacement engines. In the future, the emission test capability of the Research and Development Centre will satisfy the experimental requirements of emission regulations including the Tier 4 Final of the U.S.A., non-road Stage IV of the Europe, non-road Stage IV and above of the PRC. The duly operation of the Research and Development Centre will enhance the research and development and testing ability of the high-powered diesel engines and gas engines of Chongqing Cummins, promote Chongqing Cummins becoming the driver of technical innovation in the industry.

* *For identification purposes only*

The Company will make further announcements in due course based on the progress of the construction of production lines of high-powered diesel engines of Chongqing Cummins.

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

Chongqing, the PRC
3 September 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.