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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
ANNOUNCEMENT REGARDING THE RECEIPT OF THE
ADMINISTRATIVE PENALTY DECISION FROM THE STATE ADMIN-
ISTRATION OF FOREIGN EXCHANGE BY THE COMPANY**

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

On 25 November 2019, the Company received the administrative penalty decision issued by the Chongqing Department of Administration of Foreign Exchange of the State Administration of Foreign Exchange (Yu Hui Fa [2019] No.11) (《國家外匯管理局重慶外匯管理部的行政處罰決定書》(渝匯罰[2019]11號)). Under Article 43 of the Regulations on the Foreign Exchange System of the People's Republic of China (《中華人民共和國外匯管理條例》), the Company was in violation of the regulations of foreign debts administration because it borrowed money from an offshore subsidiary without applying for the registration of foreign debts in 2013. The foreign exchange administration authority issued a warning on the Company and imposed a fine of RMB750,000.

* For identification purposes only

The Company expects that the administrative penalty and the fine will have no material adverse impact to the Company. The Company will from now on enhance its knowledge of and understanding to the regulations of foreign exchange administration of the state in its operation management, strengthen the monitoring of the compliance of the laws and regulations in relation to foreign exchange remittance and business activities, and will operate strictly in accordance with relevant regulations in order to prevent the recurrence of similar incidents.

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

Chongqing, the PRC
26 November 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.