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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
UPDATE ON BUSINESS DEVELOPMENT**

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

Recently, four types of large-scale industrial water pumps independently developed by the Company’s industrial pump business team, including the chemical container water pump (Class D equipment), “Hualong One” reactor cavity water cooling pump (RCC-M Level 3), auxiliary electric water supply pump (Nuclear Safety Level 3, RCC-M Level 2) and start-up water supply pump, passed the examination of the state-level nuclear power expert group. The four types of nuclear power pumps are high-grade, precision and advanced products developed by the Company’s industrial pump business in recent years, suitable for the third generation of PWR nuclear power plants. The products contain proprietary intellectual property rights. Their technical specifications and performance indicators reach the advanced level of similar products in China.

* *For identification purposes only*

Earlier this month, “cold test” mission was successfully completed for K2 unit in Karachi, Pakistan, China’s first “Hualong One” overseas nuclear reactor. The four nuclear-grade pumps supplied by the Company’s industrial pump business for this unit played a key role in equipment support. The successful completion of this mission will greatly enhance the international competitiveness of the nuclear power products of the Company’s industrial pump business.

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

Chongqing, the PRC
17 December 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.