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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
ENTERING INTO THE LAND TRANSFER CONTRACT BY AN
ASSOCIATED COMPANY**

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

Reference is made to the announcement of the Company dated 6 January 2020 in connection with the land transfer by an associated company (the “**Announcement**”). Terms used herein shall have the same meaning as defined in the Announcement unless otherwise specified.

As a result of the relocation to be implemented for Chongqing ABB Transformer Co., Ltd. (“**Chongqing ABB**”), an associated company of the Company, with the approval from Chongqing Municipal People’s Government, Chongqing ABB has recently entered into the State-Owned Construction Land Use Right Transfer Contract (“**Land Transfer Contract**”) with Chongqing Municipal Planning and Natural Resources Bureau. Relevant terms of which and other information are as follows:

I. Parties

Transferor: Chongqing Municipal Planning and Natural Resources Bureau

Transferee: Chongqing ABB Transformer Co., Ltd.

* *For identification purposes only*

II. Information of the Land Transfer

The land transferred is located at a land parcel (No. F22-1-1/04) in Zone F, Yuzui Group in Liangjiang New District, Chongqing, with a total area of 159,581.7m². The term of transfer of the state-owned construction land use right under the contract is 50 years, and such land will be used for implementing the overall relocation for Chongqing ABB.

III. Total Consideration for the Land Transfer

Chongqing ABB agreed to pay off the amount of RMB40,220,000, being the total consideration for the land transfer as agreed under the contract, in an one-off lump sum payment before 16 July 2020 pursuant to the terms of the contract.

IV. Effect of the Land Transfer

The Land Transfer Contract will provide necessary premises for implementing the overall relocation for Chongqing ABB and an advantageous level of security for creating greater economic efficiency.

As at the date of this announcement, the Company holds approximately 37.8% equity interests in Chongqing ABB. The execution of the Land Transfer Contract by Chongqing ABB does not constitute a transaction of the Company and its subsidiaries.

By order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Chen Ping
Executive Director and General Manager
(performing duties and powers of the chairman of the Board)

Chongqing, the PRC
15 July 2020

As at the date of the announcement, the executive Directors are 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.