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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)

PROFIT WARNING

This announcement is made by Chongqing Machinery & Electric Co., Ltd.* (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform shareholders of the Company and potential investors that, based on the information currently available to the management and a preliminary review and assessment of the latest unaudited consolidated management accounts of the Company and its subsidiaries for the six months ended 30 June 2019, the Company expects that the operating revenue and profit attributable to the owners of the Company for the six months ended 30 June 2019 will decrease by approximately 10%-15% and 25%-30% respectively as compared to the same period in 2018. The decreases were mainly attributable to (i) the weakened market demands which were resulted from the domestic and international economic downturn, (ii) the shrunk profit margins which were driven by the intensified market competition.

The information contained in this announcement is only based on the preliminary review by the Company’s management on the financial information currently available to it and is not based

on any figures or information that has been audited or reviewed by the auditors or the audit committee of the Company. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the six months ended 30 June 2019 which is expected to be published in late August 2019.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Chongqing, the PRC
12 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.

* *For identification purposes only*