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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
LAND TRANSFER BY AN ASSOCIATED COMPANY**

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

On 6 January 2020, in order to implement the overall relocation arrangements for Chongqing ABB Transformer Co., Ltd. (“**Chongqing ABB**”), an associated company of the Company, of the Chongqing Municipal People's Government, Chongqing Jiulongyuan High-Tech Industry Group Company Limited (“**High-Tech Group**”) was designated by the People's Government of Jiulongpo District, Chongqing, and entered into the Overall Relocation Project of Chongqing ABB–Acquisition Agreement for the Land of Yuqing Temple and Aboveground Buildings in Jiulongpo District of Chongqing ABB Transformer Co., Ltd. (“**Land Acquisition Agreement**”) with Chongqing ABB.

Pursuant to the Land Acquisition Agreement, Chongqing ABB shall transfer its land use rights of Yuqing Temple in Jiulongpo and the buildings (structures), attachments, ancillary facilities thereon to High-Tech Group. The area of land transferred is approximately 42,366m². According to the appraised value of the Valuation Report (Chongqing) Hua Xi [2020] Gu Zi No.F3, the consideration for the transfer of the target property under the Land Acquisition Agreement is RMB850,000,000.00, of which: the actual purchase price of the assets payable by High-Tech Group to Chongqing ABB is RMB600,000,000.00 (the “**Purchase Price**”) and shall not be subject to any deduction; the provisional tax is RMB250,000,000.00, subject to the final taxation of the tax authority, which is to be borne by High-Tech Group. Upon receipt of the Purchase Price, Chongqing ABB will use the proceeds to advance the construction of its new factory located at Yufu Industrial Zone in Liangjiang New Area, Chongqing.

* For identification purposes only

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

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

Chongqing, the PRC
6 January 2020

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.