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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Machinery Engineering Corporation* (the “Company”), you should at once hand this circular, together with the accompanying form of proxy and reply slip, to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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中國機械設備工程股份有限公司
China Machinery Engineering Corporation*

(a joint stock limited company incorporated in the People’s Republic of China with limited liability)
(Stock Code: 1829)

**WORK REPORT OF THE BOARD OF DIRECTORS
FOR YEAR ENDED DECEMBER 31, 2020;
WORK REPORT OF THE SUPERVISORY BOARD
FOR YEAR ENDED DECEMBER 31, 2020;
AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR
FOR YEAR ENDED DECEMBER 31, 2020;
NO PROFITS DISTRIBUTION PLAN FOR YEAR OF 2020;
RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND
DOMESTIC AUDITOR FOR YEAR OF 2021 AND
AUTHORISATION TO THE BOARD TO DETERMINE
THEIR REMUNERATIONS FOR YEAR OF 2021;
AND
NOTICE OF 2021 ANNUAL GENERAL MEETING**

A notice convening 2021 annual general meeting of the Company (the “2021 AGM”) to be held at the Meeting Room, CMEC Building, No. 165 Jinze Road, Fengtai District, Beijing, the People’s Republic of China (the “PRC”) on Tuesday, June 29, 2021 at 9:00 a.m. is set out on pages 7 to 9 of this circular.

If you do not intend to attend the 2021 AGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited, in case of H Shareholders, with the Company’s H share registrar Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, and in case of Domestic Shareholders, to the Company’s correspondence office address at CMEC Building, No. 165 Jinze Road, Fengtai District, Beijing, the PRC, not later than 24 hours before the time appointed for holding the 2021 AGM or its adjournment.

In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company strongly recommends Shareholders to exercise their voting rights by appointing the chairman of the 2021 AGM as their proxy to vote on the relevant resolutions at the 2021 AGM as an alternative to attending the 2021 AGM in person.

* For identification purposes only

May 28, 2021

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PRECAUTIONARY MEASURES FOR THE 2021 AGM

The Company will implement the following measures at the 2021 AGM, including:

- compulsory body temperature checks
- refusal of entry of those with a body temperature of over 37.3 degrees Celsius
- wearing of face masks throughout the 2021 AGM
- no distribution of corporate gifts and refreshments

Any person who does not comply with the precautionary measures will be denied entry into the venue of the 2021 AGM.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“2021 AGM”	the 2021 annual general meeting of the Company to be held at the Meeting Room, CMEC Building, No. 165 Jinze Road, Fengtai District, Beijing, the PRC at 9:00 a.m. on Tuesday, June 29, 2021
“2021 AGM Notice”	notice of 2021 AGM
“Annual Report”	the annual report of the Company, which has been dispatched to the Shareholders on April 28, 2021
“Articles of Association”	the articles of association adopted by the Company and as amended, supplemented or otherwise modified from time to time
“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	China Machinery Engineering Corporation* (中國機械設備工程股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed and traded on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Domestic Shareholders”	the holders of the Domestic Shares
“Domestic Shares”	ordinary Shares in the capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Shareholders”	the holders of the H Shares
“H Shares”	overseas listed foreign shares in the Company’s ordinary share capital with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	The People’s Republic of China excluding, for the purpose of this circular only, Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Shares and the H Shares
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Board”	the supervisory board of the Company
“%”	per cent.

* *For identification purposes only*

LETTER FROM THE BOARD



中國機械設備工程股份有限公司
China Machinery Engineering Corporation*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1829)

Executive Directors:

Mr. FANG Yanshui
Ms. AI Wei

Non-executive Directors:

Mr. BAI Shaotong
Mr. MA Jian
Mr. ZHANG Zhiyu

Independent Non-executive Directors:

Mr. LIU Li
Ms. LIU Hongyu
Mr. FANG Yongzhong
Mr. WU Tak Lung

Registered office:

No. 178 Guang'anmenwai Street
Xicheng District, Beijing, the PRC

Principal place of business

in Hong Kong:
Room 804, 8/F, Tower 1
South Sea Centre
75 Mody Road
Tsimshatsui East
Kowloon, Hong Kong

May 28, 2021

To the Shareholders

Dear Sir or Madam

**WORK REPORT OF THE BOARD OF DIRECTORS
FOR YEAR ENDED DECEMBER 31, 2020;
WORK REPORT OF THE SUPERVISORY BOARD
FOR YEAR ENDED DECEMBER 31, 2020;
AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR
FOR YEAR ENDED DECEMBER 31, 2020;
NO PROFITS DISTRIBUTION PLAN FOR YEAR OF 2020;
RE-APPOINTMENT OF INTERNATIONAL AUDITOR AND
DOMESTIC AUDITOR FOR YEAR OF 2021 AND
AUTHORISATION TO THE BOARD TO DETERMINE
THEIR REMUNERATIONS FOR YEAR OF 2021;
AND
NOTICE OF 2021 ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make informed decisions on whether to vote for or against the proposed ordinary resolutions regarding the following matters at the 2021 AGM.

* For identification purposes only

LETTER FROM THE BOARD

Ordinary Resolutions

1. To consider and approve the work report of the Board of Directors for the year ended December 31, 2020.
2. To consider and approve the work report of the Supervisory Board for the year ended December 31, 2020.
3. To consider and approve the audited consolidated financial statements and report of the independent auditor of the Company for the year ended December 31, 2020.
4. To consider and approve no profits distribution plan of the Company for year of 2020.
5. To re-appoint Ernst & Young and Ernst & Young Hua Ming LLP (Special General Partnership) as the international auditor and the domestic auditor of the Company for year of 2021, respectively, to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to determine their remunerations for the year of 2021.
6. To consider and approve the proposal (if any) put forward at the 2021 AGM by Shareholder(s) holding 3% or more of the Shares carrying the right to vote thereat.

WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2020

An ordinary resolution will be proposed at the 2021 AGM to approve the work report of the Board of Directors for the year ended December 31, 2020, the full text of which has been incorporated into the Annual Report.

WORK REPORT OF THE SUPERVISORY BOARD FOR THE YEAR ENDED DECEMBER 31, 2020

An ordinary resolution will be proposed at the 2021 AGM to approve the work report of the Supervisory Board for the year ended December 31, 2020, the full text of which has been incorporated into the Annual Report.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITOR OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2020

An ordinary resolution will be proposed at the 2021 AGM to approve the audited consolidated financial statements and report of the independent auditor of the Company for the year ended December 31, 2020, the full text of which has been incorporated into the Annual Report.

LETTER FROM THE BOARD

NO PROFITS DISTRIBUTION PLAN FOR YEAR OF 2020

Pursuant to the Articles of Association, an ordinary resolution will be proposed at the 2021 AGM to approve no profits distribution plan of the Company for the year of 2020.

Given that the Company is currently in the process of privatization, the Board on March 25, 2021 resolved not to recommend the payment of final dividend. Thus, an ordinary resolution will be proposed at the 2021 AGM to approve and consider no profits distribution plan for the year of 2020.

RE-APPOINTMENT OF ERNST & YOUNG AND ERNST & YOUNG HUA MING LLP (SPECIAL GENERAL PARTNERSHIP) AS THE INTERNATIONAL AUDITOR AND THE DOMESTIC AUDITOR FOR THE YEAR OF 2021, RESPECTIVELY, AND AUTHORISATION TO THE BOARD TO DETERMINE THEIR REMUNERATIONS FOR THE YEAR OF 2021

An ordinary resolution will be proposed at the 2021 AGM to approve the re-appointment of Ernst & Young and Ernst & Young Hua Ming LLP (Special General Partnership) as the international auditor and the domestic auditor of the Company for the year of 2021, respectively, and to authorise the Board to determine their remunerations for the year of 2021.

2021 AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2021 AGM will be held at the Meeting Room, CMEC Building, No. 165 Jinze Road, Fengtai District, Beijing, the PRC, on Tuesday, June 29, 2021 at 9:00 a.m.. The notice convening the 2021 AGM is set out on pages 7 to 9 of this circular.

If you do not intend to attend the 2021 AGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited, in the case of H Shareholders, with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in the case of Domestic Shareholders, to the Company's correspondence address at CMEC Building, No. 165 Jinze Road, Fengtai District, Beijing, the PRC, not later than 24 hours before the time appointed for holding the 2021 AGM or its adjournment.

In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company strongly recommends Shareholders to exercise their voting rights by appointing the chairman of the 2021 AGM as their proxy to vote on the relevant resolutions at the 2021 AGM as an alternative to attending the 2021 AGM in person.

LETTER FROM THE BOARD

In order to determine the Shareholders who are entitled to attend and vote at the 2021 AGM, the Company's register of members will be closed from Thursday, June 24, 2021 to Tuesday, June 29, 2021, both days inclusive, during which period no transfer of the H Shares or the Domestic Shares will be effected. In order to determine the list of members who are qualified to attend and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged, in case of H Shareholders, with the Company's H share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in case of Domestic Shareholders, to the Company's correspondence address at CMEC Building, No. 165 Jinze Road, Fengtai District, Beijing, the PRC, no later than 4:30 p.m. on Wednesday, June 23, 2021.

Completion and return of the form of proxy will not preclude you from attending and voting at the 2021 AGM in person or at its adjournment should you so wish.

VOTING BY POLL AT THE 2021 AGM

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the Shareholders at the general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all the resolutions could be taken by poll at the 2021 AGM pursuant to the Articles of Association.

RECOMMENDATION

The Directors consider that the proposed ordinary resolutions mentioned above are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the ordinary resolutions to be proposed at the 2021 AGM.

Yours faithfully,
For and on behalf of the Board of
China Machinery Engineering Corporation*
BAI Shaotong
Chairman

* *For identification purposes only*

NOTICE OF 2021 ANNUAL GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



中國機械設備工程股份有限公司
China Machinery Engineering Corporation*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1829)

NOTICE OF 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2021 annual general meeting (the “**AGM**”) of China Machinery Engineering Corporation* (the “**Company**”) will be held at the Meeting Room, CMEC Building, No. 165 Jinze Road, Fengtai District, Beijing, the People’s Republic of China (the “**PRC**”) on Tuesday, June 29, 2021 at 9:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions:

AS ORDINARY RESOLUTIONS

1. To consider and approve the work report of the board of directors of the Company (the “**Board**”) for the year ended December 31, 2020.
2. To consider and approve the work report of the supervisory board of the Company for the year ended December 31, 2020.
3. To consider and approve the audited consolidated financial statements and report of the independent auditor of the Company for the year ended December 31, 2020.
4. To consider and approve no profits distribution plan of the Company for year of 2020.
5. To re-appoint Ernst & Young and Ernst & Young Hua Ming LLP (Special General Partnership) as the international auditor and the domestic auditor of the Company for year of 2021, respectively, to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to determine their remunerations for the year of 2021.

* For identification purposes only

NOTICE OF 2021 ANNUAL GENERAL MEETING

6. To consider and approve the proposals (if any) put forward at the AGM by shareholder(s) of the Company holding 3% or more of the Shares carrying the right to vote thereat.

By order of the Board
China Machinery Engineering Corporation*
BAI Shaotong
Chairman

Beijing, the PRC, May 28, 2021

Registered office:

No. 178 Guang'anmenwai Street
Xicheng District, Beijing, the PRC

Principal place of business in Hong Kong:

Room 804, 8/F, Tower 1
South Sea Centre
75 Mody Road
Tsimshatsui East
Kowloon, Hong Kong

Notes:

- a. A member of the Company (the "**Member**") entitled to attend and vote at the AGM or its adjournment (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more issued shares of RMB1.00 each in the Company more than one), proxy to attend and vote, on a poll, in his stead in accordance with the Articles of Association. A proxy needs not be a Member.
- b. A form of proxy for use at the AGM is enclosed. If you do not intend to attend the AGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or its adjournment if you so wish. In the event that you attend the AGM after having returned the completed form of proxy, your form of proxy will be deemed to have been revoked.
- c. In the case of holders of H Shares (the "**H Shareholders**") and to be valid, a form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in case of holders of Domestic Shares (the "**Domestic Shareholders**"), to the Company's correspondence address at CMEC Building, No. 165 Jinze Road, Fengtai District, Beijing, the PRC, not later than 24 hours before the time appointed for holding the AGM or its adjournment. Delivery of the form of proxy shall not preclude a Member from attending and voting in person at the AGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- d. The register of Members will be closed from Thursday, June 24, 2021 to Tuesday, June 29, 2021, both days inclusive, during which period no transfer of the H Shares or the Domestic Shares will be effected. In order to determine the list of Members who are qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged, in the case of H Shareholders, with the Company's H share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in the case of Domestic Shareholders, to the Company's correspondence address at CMEC Building, No. 165 Jinze Road, Fengtai District, Beijing, the PRC, no later than 4:30 p.m. on Wednesday, June 23, 2021.

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NOTICE OF 2021 ANNUAL GENERAL MEETING

- e. In the case of joint registered holders of any Shares, any one of such joint registered holders may vote at the AGM, either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto; but should more than one of such joint registered holders be present at the AGM, either in person or by proxy, the vote of that one of them so present, whose name stands first on the register of members in respect of such Shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).

In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company strongly recommends Shareholders to exercise their voting rights by appointing the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

- f. Unless otherwise specified herein, capitalised terms used in this notice shall have the same meaning as those defined in the circular of the Company dated May 28, 2021.

As at the date of this notice, the Executive Directors are Mr. FANG Yanshui and Ms. AI Wei; the Non-executive Directors are Mr. BAI Shaotong, Mr. MA Jian and Mr. ZHANG Zhiyu; and the Independent Non-executive Directors are Mr. LIU Li, Ms. LIU Hongyu, Mr. FANG Yongzhong and Mr. WU Tak Lung.

PRECAUTIONARY MEASURES FOR THE AGM

The Company will implement the following measures at the AGM, including:

- compulsory body temperature checks
- refusal of entry of those with a body temperature of over 37.3 degrees Celsius
- wearing of face masks throughout the AGM
- no distribution of corporate gifts and refreshments

Any person who does not comply with the precautionary measures will be denied entry into the venue of the AGM.