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**China SUMEC Automotive Industry
Consulting Development Co., Ltd. ***
*(a company incorporated in the People's Republic of
China with limited liability)*

 **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)

JOINT ANNOUNCEMENT

DESPATCH OF THE COMPOSITE DOCUMENT IN RELATION TO PROPOSED MERGER BY ABSORPTION OF THE COMPANY BY THE OFFEROR



Financial Adviser to the Offeror

INTRODUCTION

We refer to the joint announcement (the “**Joint Announcement**”) issued by China SUMEC Automotive Industry Consulting Development Co., Ltd.* (the “**Offeror**”) and China Machinery Engineering Corporation (the “**Company**”) dated 13 January 2021 in relation to the Merger; the joint announcement (the “**Extension Announcement**”) issued by the Offeror and the Company dated 3 February 2021 in relation to the extension of time for despatch of the Composite Document; the joint announcements (the “**Monthly Update Announcements**”) issued by the Offeror and the Company dated 2 March 2021, 1 April 2021 and 30 April 2021 in relation to the progress update on the Merger; and the joint announcement (the “**Fulfilment of Pre-Condition Announcement**”) issued by the Offeror and the Company dated 3 June 2021 in relation to the fulfilment of the Pre-Condition. Unless otherwise defined, capitalised terms used in this joint announcement shall have the same meanings as those defined in the Joint Announcement, the Extension Announcement, the Monthly Update Announcements and the Fulfilment of Pre-Condition Announcement.

DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document containing, amongst others, (i) further details of the Merger and the Merger Agreement and other matters in relation to the Merger; (ii) a letter of advice issued by the Independent Financial Adviser to the Independent Board Committee; and (iii) recommendations and advice from the Independent Board Committee, together with a notice of the EGM, a notice of the H Shareholders’ Class Meeting and proxy forms in respect of the EGM and the H Shareholders’ Class Meeting will be despatched by the Offeror and the Company jointly to the Shareholders on 6 July 2021.

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate. Unless otherwise expressly stated, references to times and dates in this document are to Hong Kong times and dates.

Latest time for lodging transfers of H Shares in order to be entitled to attend and vote at the EGM and the H Shareholders' Class Meeting 4:30 p.m. on Thursday, 22 July 2021

Closure of registers for transfers of Shares for determination of the Shareholders entitled to attend and vote at the EGM and the H Shareholders' Class Meeting Friday, 23 July 2021 to Wednesday, 28 July 2021 (both dates inclusive)

Latest time for lodging proxy forms in respect of the EGM 9:00 a.m. on Tuesday, 27 July 2021

Latest time for lodging proxy forms in respect of the H Shareholders' Class Meeting 9:30 a.m. on Tuesday, 27 July 2021

Record date for Shareholders for the EGM and the H Shareholders for the H Shareholders' Class Meeting Wednesday, 28 July 2021

EGM 9:00 a.m. on Wednesday, 28 July 2021

H Shareholders' Class Meeting 9:30 a.m. on Wednesday, 28 July 2021 or immediately following the conclusion of the EGM or any adjournment thereof on Wednesday, 28 July 2021

Announcement of the results of the EGM and the H Shareholders' Class Meeting by 7:00 p.m. on Wednesday, 28 July 2021

Expected date for all Conditions to effectiveness to be satisfied⁽¹⁾ Wednesday, 28 July 2021

Announcement of the satisfaction of all Conditions to effectiveness, last day for dealings in H Shares and expected date of withdrawal of listing of H Shares⁽¹⁾ Wednesday, 28 July 2021

Resumption of registers for transfer of Shares Thursday, 29 July 2021

Each of the Offeror and the Company notifies its creditors and makes a public announcement of the Merger pursuant to the PRC Company Law	Within 10 days (for the notice to creditors) and 30 days (for the announcement) following the EGM and the H Shareholders' Class Meeting
Last day for dealings in H Shares	Thursday, 29 July 2021
Latest time for lodging transfers of H Shares in order to be entitled to receive the Cancellation Price	4:30 p.m. on Monday, 2 August 2021
Closure of registers of members of the Company (until the Company's deregistration occurs)	From Tuesday, 3 August 2021 onward
Expected date and time of withdrawal of listing of H Shares.	9:00 a.m. on Friday, 6 August 2021
Announcement that all the Conditions to implementation are satisfied (or waived, as applicable) ⁽¹⁾	Friday, 6 August 2021
Latest date for payment of the Cancellation Price ⁽²⁾	Tuesday, 17 August 2021
End of the period during which creditors may request the Offeror and the Company to pay off their respective indebtedness or provide guarantees	Within 30 days after the receipt of notice by creditors or 45 days after the issue of announcement to creditors (whichever is the latest)

Notes:

- (1) The Offeror and the Company will jointly publish announcement(s) when or as soon as reasonably practicable after all Conditions to effectiveness of the Merger Agreement have been satisfied and the Conditions to implementation of the Merger have been satisfied or waived, as appropriate.
- (2) Pursuant to the Merger Agreement, if any Dissenting Shareholder is to exercise its right to request the Company and/or the Consenting Shareholders to acquire its Shares at a "fair price" during the Declaration Period (the "Right"), the Dissenting Shareholder must refund the Cancellation Price (if received) to the Offeror in order to be entitled to exercise the Right, failing which the Dissenting Shareholder will be deemed to have waived, and will no longer be able to exercise, the Right. The Offeror (if so elected by the Company and/or the Consenting Shareholders) will make the payment separately upon agreement on matters regarding the Right. For the avoidance of doubt, regardless of when the Dissenting Shareholder exercises the Right, the Dissenting Shareholder will be deemed to have ceased to have any right in respect of the Shares (other than the right to request for consideration pursuant to exercise of the Right) on the date for payment of the Cancellation Price.

WARNING

The Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the conditions set out in the Composite Document being satisfied or waived, as applicable, and neither the Offeror nor the Company provides any assurance that any or all of the conditions can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. The Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By order of the sole director of
**China SUMEC Automotive Industry
Consulting Development Co., Ltd.***
WANG Huifang
Sole Director

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

Beijing, China
6 July 2021

As at the date of this joint announcement, the Offeror's sole director is Ms. Wang Huifang. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than in relation to the Company) and confirm, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

As at the date of this joint announcement, the board of directors of SINOMACH comprises Mr. Zhang Xiaolun, Mr. Wu Yongjie, Mr. Song Xin, Mr. Shang Bing, Mr. Jiang Xin, Mr. Dong Xuebo, Mr. Sha Xianhua, Mr. Zhang Xi and Mr. Liu Zuqing. The directors of SINOMACH jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than in relation to the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

As at the date of this joint announcement, the Board comprises Mr. FANG Yanshui and Ms. AI Wei as executive Directors, Mr. BAI Shaotong, Mr. MA Jian and Mr. ZHANG Zhiyu as non-executive Directors, and Mr. LIU Li, Ms. LIU Hongyu, Mr. FANG Yongzhong and Mr. WU Tak Lung as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than in relation to the Offeror and SINOMACH) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror and the directors of SINOMACH) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

* For identification purposes only