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

If you have sold or transferred all your shares in Chongqing Machinery & Electric Co., Ltd. (the “Company”), you should at once hand this circular to the purchaser or the transferees or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

(Stock Code: 2722)

(1) APPOINTMENT OF A NON-EXECUTIVE DIRECTOR; AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

The letter from the Board of the Company is set out on pages 3 to 6 of this circular.

A notice convening the Extraordinary General Meeting of Chongqing Machinery & Electric Co., Ltd.* to be held at the Conference Room, 16/F, Jidian Building, No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC on Wednesday, 23 August 2023 at 9:00 a.m. is set out on pages 7 to 8 of this circular.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinacqme.com). Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the Extraordinary General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you so wish.

3 August 2023

* For identification purposes only

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DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	means the board of Directors of the Company
“Company”	means Chongqing Machinery & Electric Co., Ltd.* (重慶機電股份有限公司), a joint stock limited company incorporated in the PRC with limited liability
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting” or “EGM”	means the 2023 second extraordinary general meeting of the Company to be held at the Conference Room, 16/F, Jidian Building, No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC on Wednesday, 23 August 2023 at 9:00 a.m., to consider and, if appropriate, to approve the resolution contained in the notice of the extraordinary general meeting which are set out on pages 7 to 8 of this circular, or any adjournment thereof
“Group”	the Company and its associates
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	means 28 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-executive Director”	has the meaning ascribed to it under the Company Law of the PRC and the Listing Rules
“PRC”	means the People’s Republic of China, which, for the purpose of this circular, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the Taiwan region of the PRC

DEFINITIONS

“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



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)

(Stock Code: 2722)

Executive Directors:

Mr. Zhang Fulun
Mr. Yue Xiangjun
Mr. Yang Quan

Non-executive Directors:

Ms. Zhu Ying
Mr. Dou Bo
Mr. Cai Zhibin

Independent non-executive Directors:

Mr. Lo Wah Wai
Mr. Ren Xiaochang
Mr. Jin Jingyu
Mr. Liu Wei

*Registered office and principal place of
business in the PRC:*

No. 60, Middle Section of
Huangshan Avenue,
New North Zone,
Chongqing City, the PRC

Principal place of business in Hong Kong:

Room 1204-06, 12th Floor,
The Chinese Bank Building,
61 Des Voeux Road Central,
Central, Hong Kong

3 August 2023

To the Shareholders

Dear Sir or Madam,

(1) APPOINTMENT OF A NON-EXECUTIVE DIRECTOR; AND
(2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to give you the notice of the Extraordinary General Meeting and to provide you with information regarding certain resolutions to be proposed at the Extraordinary General Meeting to enable you to make an informed decision on whether to vote for or against those resolutions at the Extraordinary General Meeting.

* For identification purposes only

LETTER FROM THE BOARD

2. APPOINTMENT OF A NON-EXECUTIVE DIRECTOR

As disclosed in the announcement of the Company dated 11 July 2023, the Company received a resignation letter from Mr. Huang Yong, a Non-executive Director. Due to attainment of the statutory retirement age, he had applied to resign from the positions as a Non-executive Director of the sixth session of the Board, a member of the remuneration committee and a member of the strategic committee of the Company. As the resignation of Mr. Huang Yong would neither lead to the number of members of the sixth session of the Board of the Company falling below the requirement of the statutory minimum number of members, nor affect the normal operation of the Board of the Company, the resignation of Mr. Huang Yong shall take immediate effect upon the delivery of his resignation letter to the Board. Mr. Huang Yong had confirmed that he had no disagreements with the Company and there were no other matters that need to be brought to the attention of the Shareholders. The Company would like to express its sincere gratitude to Mr. Huang Yong for his contributions to the Company during his tenure.

As nominated by Chongqing Machinery and Electronic Holding (Group) Co., Ltd., the Controlling Shareholder of the Company, the Company proposed to appoint Mr. Fu Yihong as a Non-executive Director to fill the vacancy upon Mr. Huang Yong's resignation. The appointment of Mr. Fu Yihong as a Non-executive Director of the Company is subject to the approval at the Extraordinary General Meeting. The detailed biography of Mr. Fu Yihong is as follows:

Mr. Fu Yihong, aged 42, is the deputy minister of the strategic planning department of Chongqing Machinery and Electronic Holding (Group) Co., Ltd. Mr. Fu is a senior engineer. He has served as a director of Chongqing General Aviation Industry Group Co., Ltd. since November 2022; a director of Chongqing Industrial Investment Electromechanical Parts Co., Ltd. since March 2022; the deputy minister of the strategic planning department of Chongqing Machinery and Electronic Holding (Group) Co., Ltd. since February 2021. He served as the officer of the technology center office, the officer of the positive displacement pump room and the officer of the slurry pump room of Chongqing Pump Factory Co., Ltd. from March 2020 to February 2021 (he was seconded to the strategic planning department of Chongqing Machinery and Electronic Holding (Group) Co., Ltd. from October 2020 to February 2021); the officer of the technology center office and the officer of the positive displacement pump room of Chongqing Pump Factory Co., Ltd. from August 2018 to March 2020; the officer of the technology center office of Chongqing Pump Factory Co., Ltd. from January 2018 to August 2018; the deputy officer of the technology center office of Chongqing Pump Factory Co., Ltd. from February 2017 to January 2018; the deputy commissioner of the design division and the deputy commissioner of the military industry division of Chongqing Pump Factory Co., Ltd. from January 2014 to February 2017; deputy commissioner of the design division of Chongqing Pump Factory Co., Ltd. from September 2012 to January 2014; the deputy minister of the operation department of Chongqing Pump Factory Co., Ltd. from May 2012 to September 2012; the assistant to the minister of the operation department of Chongqing Pump Factory Co., Ltd. from February 2012 to May 2012; and the deputy officer of the general assembly workshop of Chongqing Pump Factory Co., Ltd. from April 2011 to February 2012. He was responsible for the design and development of positive displacement pumps in the design division of Chongqing Pump Factory Co., Ltd. from September 2006 to April 2011. He served as an intern in a workshop of Chongqing Pump Factory Co., Ltd. from June 2005 to September 2006. Mr. Fu studied at Chongqing University, majoring in electrical engineering under on-the-job engineering master profession from March 2012

LETTER FROM THE BOARD

to December 2015 and obtained a master's degree in engineering. He studied at the Sichuan University of Science and Engineering, majoring in mechanical design, manufacturing and automation from September 2001 to June 2005, and obtained a bachelor's degree in engineering.

Save as disclosed above, Mr. Fu Yihong did not have any directorship in any other listed companies in the last three years, nor did he have any interest relationship with Directors, senior management, substantial shareholders or Controlling Shareholder of the Company. As at the Latest Practicable Date, Mr. Fu Yihong did not have any interest in the Shares of the Company within the meaning of Part XV of the SFO.

Upon the approval of the appointment at the Extraordinary General Meeting, the Company will enter into a service contract with Mr. Fu Yihong in connection with his appointment as a Non-executive Director for a term commencing from the date of the Extraordinary General Meeting until the expiration of the current session of the Board. Mr. Fu Yihong is entitled to receive the Board's remuneration, which will be determined by the Board according to the Administrative Measures on Directors' and Supervisors' Remuneration of the Company (the "**Administrative Measures**"). According to the Administrative Measures, the remuneration of Mr. Fu Yihong as a Non-executive Director is RMB5,000 per month, and he will receive transportation and meal allowance of RMB1,000 to RMB2,000 for attending each Board meeting. Mr. Fu Yihong will not receive any remuneration from other positions in the Company. All the above remuneration will be covered in his service contract.

Save as disclosed herein, there are currently no other matters which need to be brought to the attention of the Shareholders of the Company in respect of the appointment of Mr. Fu Yihong or other information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

3. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The notice of Extraordinary General Meeting is set out on pages 7 to 8 of this circular. At the Extraordinary General Meeting, a resolution will be proposed to approve, inter alia, appointment of a Non-executive Director.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.chinacqme.com). Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete and return the form of proxy enclosed herein in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the Extraordinary General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you so wish.

To the best of the Director's knowledge, information and belief and having made all reasonable enquires, none of the Directors or Shareholders has a material interest on the resolution proposed at the Extraordinary General Meeting, and no Shareholder is required to abstain from voting on the resolution at the Extraordinary General Meeting.

LETTER FROM THE BOARD

4. PROCEDURES FOR VOTING AT THE EXTRAORDINARY GENERAL MEETING

According to the Rule 13.39(4) of the Listing Rules, any vote at the Extraordinary General Meeting must be taken by poll.

5. RECOMMENDATION

The Directors consider that the resolution proposed and approved by the Shareholders at the Extraordinary General Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favor of the resolution proposed at the Extraordinary General Meeting in the notice of the Extraordinary General Meeting.

Yours faithfully,

By Order of the Board

Chongqing Machinery & Electric Co., Ltd.*

Zhang Fulun

Executive Director and Chairman

* *For identification purposes only*

**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)*

(Stock Code: 2722)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**” or “**EGM**”) of Chongqing Machinery & Electric Co., Ltd.* (the “**Company**”) will be held at the Conference Room, 16/F, Jidian Building, No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC on Wednesday, 23 August 2023 at 9:00 a.m. or any adjournment thereof for the purpose of considering and approving the following resolution:

ORDINARY RESOLUTION

1. To consider and approve the appointment of a Non-executive Director.

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Mr. Zhang Fulun
Executive Director and Chairman

Chongqing, the PRC
3 August 2023

Notes:

1. A member of the Company (“**Member**”) entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a Member. A form of proxy for use at the Meeting is enclosed herewith. Where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such share at the Meeting, and this notice shall be deemed to be given to all joint holders of such share.
2. 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 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, to the Company’s mailing address at No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC, not later than 24 hours before the time appointed for holding the Meeting or any adjournment thereof or the time appointed for passing the resolutions. Delivery of the form of proxy shall not preclude a Member from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

* For identification purposes only

APPENDIX I NOTICE OF THE EXTRAORDINARY GENERAL MEETING

3. For the identification of Members who are qualified to attend and vote at the Meeting, the register of Members in Hong Kong will be closed from 18 August 2023 to 23 August 2023, both days inclusive, during which period no transfer of H shares of the Company will be effected. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 August 2023 for register.

As at the date of this notice, the executive Directors are Mr. Zhang Fulun, Mr. Yue Xiangjun and Mr. Yang Quan; the non-executive Directors are Ms. Zhu Ying, Mr. Dou Bo and Mr. Cai Zhibin; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Jin Jingyu and Mr. Liu Wei.