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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)*

**DISCLOSEABLE TRANSACTION  
SUBSCRIPTION FOR BENEFICIARY CERTIFICATES**

As disclosed in the announcement published by the Company on 14 January 2020, the Company entered into the First Beneficiary Certificates Subscription Agreement with SWSC on 14 January 2020, pursuant to which the Company subscribed for beneficiary certificates from SWSC for RMB100 million in cash.

On 21 January 2020, the Company entered into the Second Beneficiary Certificates Subscription Agreement with SWSC, pursuant to which the Company subscribed for beneficiary certificates from SWSC for RMB50 million in cash.

Pursuant to Rule 14.22 of the Listing Rules, the relevant applicable percentage ratios of the purchase amounts under the First Beneficiary Certificates Subscription Agreement and the Second Beneficiary Certificates Subscription Agreement are required to be aggregated.

As one or more of the relevant percentage ratios (as defined under the Listing Rules) of the Second Beneficiary Certificates Subscription Agreement, when aggregated with the First Beneficiary Certificates Subscription Agreement, exceed 5% but are less than 25%, the Second Beneficiary Certificates Subscription Agreement constitutes a discloseable transaction of the Company and is subject to relevant notification and announcement requirements under Chapter 14 of the Listing Rules.

\* For identification purposes only

## INTRODUCTION

On 21 January 2020, the Company entered into the Second Beneficiary Certificates Subscription Agreement with SWSC, pursuant to which the Company subscribed for beneficiary certificates from SWSC for RMB50 million in cash.

## SECOND BENEFICIARY CERTIFICATES SUBSCRIPTION AGREEMENT

The principal terms of the Second Beneficiary Certificates Subscription Agreement are as follows:

Date:	21 January 2020
Parties:	The Company and SWSC
	To the Directors' knowledge, information and belief, having made all reasonable inquiries, SWSC and its ultimate beneficial owners are Independent Third Parties.
Product name:	SWSC Beneficiary Certificates Huifeng Tranche 2020002
Product type:	Principal-guaranteed fixed income beneficiary certificate
Purchase amount:	RMB50 million
Par value of beneficiary certificate:	RMB1/unit
Product term:	175 days (expire on 15 July 2020)
Product risk exposure (internal risk rating of issuer):	Low risk
Expected annualized rate of return of the product:	4.2%
Settlement method:	The beneficiary certificates shall be automatically cancelled upon expiry, and the investor will receive the full investment principal and the investment income within two working days after the expiry date
Early termination or redemption option:	Nil

The terms of the Second Beneficiary Certificates Subscription Agreement were determined upon arm's length negotiations between the parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND BENEFICIARY CERTIFICATES SUBSCRIPTION AGREEMENT**

By entering into the Second Beneficiary Certificates Subscription Agreement, the Company is able to raise the efficiency of and return from the use of funds through rational and effective mobilization of periodic idle funds. The expected return of the Second Beneficiary Certificates Subscription Agreement is exposed to limited risk factors and will not affect the normal production of the Company.

Having considered the above, the Directors (including independent non-executive Directors) are of the view that the terms of the Second Beneficiary Certificates Subscription Agreement and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms or better in the usual course of business of the Company, and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ABOUT THE COMPANY**

The Company is principally engaged in manufacturing and sales of clean energy equipment and high-end intelligent equipment and provision of industrial services.

## **INFORMATION ABOUT SWSC**

SWSC is a nation-wide comprehensive securities company registered in Chongqing, mainly engaged in securities and futures brokerage, investment banking, proprietary business, asset management, equity investment, fund management and other businesses.

The top 5 shareholders of SWSC are Chongqing Yufu Assets Management Group Co., Ltd (重慶渝富資產經營管理集團有限公司), Chongqing Jiangbeizui Central Business District Investment Group Co., Ltd. (重慶市江北嘴中央商務區投資集團有限公司), China Jianyin Investment Ltd. (中國建銀投資有限責任公司), Chongqing City Construction Investment Group Co., Ltd. (重慶市城市建設投資(集團)有限公司) and Chongqing Expressway Group Co., Ltd. (重慶高速公路集團有限公司), holding 26.99%, 7.09%, 5.82%, 5.41% and 5.31% of the equity interest in SWSC respectively. All the said 5 shareholders are state-owned enterprises.

## **LISTING RULES IMPLICATIONS**

As disclosed in the announcement published by the Company on 14 January 2020, the Company entered into the First Beneficiary Certificates Subscription Agreement with SWSC on 14 January 2020, pursuant to which the Company subscribed for beneficiary certificates from SWSC for RMB100 million in cash.

Pursuant to Rule 14.22 of the Listing Rules, the relevant applicable percentage ratios of the purchase amounts under the First Beneficiary Certificates Subscription Agreement and the Second Beneficiary Certificates Subscription Agreement are required to be aggregated.

As one or more of the relevant percentage ratios (as defined under the Listing Rules) of the Second Beneficiary Certificates Subscription Agreement, when aggregated with the First Beneficiary Certificate Subscription Agreement, exceed 5% but are less than 25%, the Second Beneficiary Certificates Subscription Agreement constitutes a discloseable transaction of the Company and is subject to relevant notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“Company”	Chongqing Machinery & Electric Co., Ltd.*
“Director(s)”	the director(s) of the Company
“First Beneficiary Certificates Subscription Agreement”	the beneficiary certificates subscription agreement entered into between the Company and SWSC on 14 January 2020, pursuant to which the Company subscribed for beneficiary certificates from SWSC for RMB100 million in cash
“Independent Third Party(ies)”	third parties independent of any Director, chief executive or substantial shareholder of the Company or its subsidiaries or any of their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Beneficiary Certificates Subscription Agreement”	the beneficiary certificates subscription agreement entered into between the Company and SWSC on 21 January 2020, pursuant to which the Company subscribed for beneficiary certificates from SWSC for RMB50 million in cash

“SWSC” Southwest Securities Co., Ltd., a company established under the laws of the PRC with limited liabilities

“%” per cent

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

Chongqing, the PRC  
21 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.*