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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 with limited liability)
(Stock Code:02722)

POSITIVE PROFIT ALERT

This announcement is made by Chongqing Machinery & Electric Co., Ltd.* (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform shareholders of the Company and potential investors that, based on the information currently available to the management and a preliminary review and assessment of the latest unaudited consolidated management accounts of the Company and its subsidiaries for the year ended 31 December 2018, although the Company’s operating income for the year ended 31 December 2018 is expected to significantly decrease (for details, please refer to the announcement of the Company dated 18 January 2018 in relation to the business adjustment of Chongqing Shengpu Materials Co., Ltd.), the Company expects that the profit attributable to the owners of the Company for the year ended 31 December 2018 will increase by approximately 35%-40% as compared to that of the year ended 31 December 2017. The increase was primarily attributable to (i) the improvement in operation efficiency and (ii) the increase of investment gain from joint venture(s).

The information contained in this announcement is only based on the preliminary review by the Company’s management on the financial information currently available to it and is not based on

any figures or information that has been audited or reviewed by the auditors or the audit committee of the Company. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the year ended 31 December 2018 which is expected to be published in late March 2019.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Chongqing, the PRC
11 March 2019

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. 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.

* *For identification purposes only*