
NOTICE OF 2017 FIRST EXTRAORDINARY GENERAL MEETING

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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)

NOTICE OF 2017 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2017 first extraordinary general meeting (the “**First EGM**”) of China Machinery Engineering Corporation* (the “**Company**”) will be held at the Meeting Room, 3/F, DoubleTree by HILTON, No. 168 Guang’anmenwai Street, Beijing, the People’s Republic of China, (the “**PRC**”) on Tuesday, December 5, 2017 at 9:00 a.m. for the purposes of considering and, if thought fit, passing, with or without modification or supplementation, the following resolutions:

AS ORDINARY RESOLUTIONS

1. “THAT:

- (a) a provision of engineering services and products agreement dated October 19, 2017 amending the renewed agreement on the provision of engineering services and products between the Company and its subsidiaries (collectively, the “**Group**”) and China National Machinery Industry Corporation* (中國機械工業集團有限公司) (the “**SINOMACH**”) and its subsidiaries (other than the Group) (collectively, the “**SINOMACH Group**”) (the “**2018 Provision of Engineering Services and Products Agreement**”) (in respect of, among other matters, the further amendment of the pricing policy and the renewal of the terms of the continuing connected transactions (within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) to December 31, 2020) (a copy of which is produced to the 2017 first extraordinary general meeting of the Company (the “**First EGM**”), marked “1” and signed by the chairman of the First EGM for the purpose of identification), the terms and conditions thereof, the continuing connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified;

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- (b) the proposed annual caps for the years ending December 31, 2018, 2019 and 2020 for the continuing connected transactions under the 2018 Provision of Engineering Services and Products Agreement as shown below be and are hereby approved, confirmed and ratified:

	Proposed annual caps for the years ending December 31,		
	2018	2019	2020
	<i>(RMB millions)</i>		
Provision of engineering services and products by the Group to SINOMACH Group	3,900	3,900	3,900

AND

- (c) any one of the directors of the Company (the “**Directors**”) for and on behalf of the Company be and is hereby authorized, among other matters, to sign, execute, perfect and deliver or to authorize signing, executing, perfecting and delivering all such documents and deeds, to do or authorize doing all such acts, matters and things as she/he may in her/his discretion consider necessary, expedient or desirable to give effect to and implement the 2018 Provision of Engineering Services and Products Agreement and to waive compliance with or make and agree such variations of a non-material nature to any of the terms of the 2018 Provision of Engineering Services and Products Agreement she/he may in her/his discretion consider to be desirable and in the interests of the Company and all the Directors’ acts as aforesaid.”

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2. “THAT:

- (a) a receipt of engineering services and products agreement dated October 19, 2017 amending the renewed agreement on the receipt of engineering services and products between the Company and its subsidiaries (collectively, the “**Group**”) and China National Machinery Industry Corporation* (中國機械工業集團有限公司) (the “**SINOMACH**”) and its subsidiaries (other than the Group) (collectively, the “**SINOMACH Group**”) (the “**2018 Receipt of Engineering Services and Products Agreement**”) (in respect of, among other matters, the further amendment of the pricing policy and the renewal of the terms of the continuing connected transactions (within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) to December 31, 2020) (a copy of which is produced to the 2017 first extraordinary general meeting of the Company (the “**First EGM**”), marked “2” and signed by the chairman of the First EGM for the purpose of identification), the terms and conditions thereof, the continuing connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the years ending December 31, 2018, 2019 and 2020 for the continuing connected transactions under the 2018 Receipt of Engineering Services and Products Agreement as shown below be and are hereby approved, confirmed and ratified:

**Proposed annual caps for the years
ending December 31,
2018 2019 2020
(RMB millions)**

Receipt of engineering services and products by the Group from SINOMACH Group	2,500	2,500	2,500
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AND

- (c) any one of the directors of the Company (the “**Directors**”) for and on behalf of the Company be and is hereby authorized, among other matters, to sign, execute, perfect and deliver or to authorize signing, executing, perfecting and delivering all such documents and deeds, to do or authorize doing all such acts, matters and things as she/he may in her/his discretion consider necessary, expedient or desirable to give effect to and implement the 2018 Receipt of Engineering Services and Products Agreement and to waive compliance with or make and agree such variations of a non-material nature to any of the terms of the 2018 Receipt of Engineering Services and Products Agreement she/he may in her/his discretion consider to be desirable and in the interests of the Company and all the Directors’ acts as aforesaid.”

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3. “THAT:

- (a) a financial services agreement dated October 19, 2017 amending the new agreement on the financial services between the Company and its subsidiaries (collectively, the “**Group**”) and SINOMACH Finance Co., Ltd. (國機財務有限責任公司) (the “**Finance Company**”) (the “**2018 Financial Services Agreement**”) (in respect of, among other matters, the new terms of the continuing connected transactions (within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) from January 1, 2018 to December 31, 2020) (a copy of which is produced to the 2017 first extraordinary general meeting of the Company (the “**First EGM**”), marked “3” and signed by the chairman of the First EGM for the purpose of identification), the terms and conditions thereof, the continuing connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the maximum daily balance (including any interest accrued thereon) of deposit placed by the Group with the Finance Company for the years ending December 31, 2018, 2019 and 2020 under the 2018 Financial Services Agreement as shown below be and are hereby approved, confirmed and ratified:

**Proposed annual caps for the years
ending December 31,**

2018	2019	2020
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(RMB millions)

Maximum daily deposit balance	3,900	3,900	3,900
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AND

- (c) any one of the directors of the Company (the “**Directors**”) for and on behalf of the Company be and is hereby authorized, among other matters, to sign, execute, perfect and deliver or to authorize signing, executing, perfecting and delivering all such documents and deeds, to do or authorize doing all such acts, matters and things as she/he may in her/his discretion consider necessary, expedient or desirable to give effect to and implement the 2018 Financial Services Agreement and to waive compliance with or make and agree such

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variations of a non-material nature to any of the terms of the 2018 Financial Services Agreement she/he may in her/his discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid."

By order of the Board of Directors
China Machinery Engineering Corporation*
SUN Bai
Chairman

Beijing, the PRC, October 20, 2017

Registered office:

No. 178 Guang'anmenwai Street, 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 First EGM 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 (the "**Shares**") more than one) proxy to attend and on a poll vote in his stead in accordance with the Articles of Association. A proxy need not be a Member.
- b. A form of proxy for use at the First EGM is enclosed. If you do not intend to attend the First EGM 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 subsequently attending and voting in person at the First EGM or any adjourned meeting thereof if you so wish. In the event that you attend the First EGM 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, 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 registered office address at The Office of the Board of Directors, No. 178 Guang'anmenwai Street, Beijing, the PRC, not later than 24 hours before the time appointed for holding the First EGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member from subsequently attending and voting in person at the First EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- d. The register of Members will be closed from Sunday, November 5, 2017 to Tuesday, December 5, 2017, both days inclusive, during which period no transfer of the H Shares will be effected. In order to determine the list of Members who are qualified to attend and vote at the First EGM, 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 no later than 4:30 p.m. on Friday, November 3, 2017.
- e. In the case of joint registered holders of any Shares, any one of such joint registered holders may vote at the First EGM, 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 First EGM, 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).

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- f. If the H Shareholders intend to attend the First EGM in person or by proxy, they shall complete the enclosed reply slip for the First EGM and return it, by hand or by post, to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or by fax (+852-2865-0990) on or before Wednesday, November 15, 2017.
- g. If the Domestic Shareholders intend to attend the First EGM in person or by proxy, they shall complete the enclosed reply slip for the First EGM and return it, by hand or by post, to the Company's registered office address at The Office of the Board of Directors, No. 178 Guang'anmenwai Street, Beijing, the PRC or by fax (+86-10-6332-1086) on or before Wednesday, November 15, 2017.
- h. The circular for the First EGM will be dispatched to the shareholders in due course.

As at the date of this notice, the executive Directors are Mr. SUN Bai and Mr. ZHANG Chun; the non-executive Directors are Mr. WANG Zhian, Mr. YU Benli and Mr. ZHANG Fusheng; and the independent non-executive Directors are Mr. LIU Li, Ms. LIU Hongyu, Mr. FANG Yongzhong and Mr. WU Tak Lung.