

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT

- (1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE PROCEDURAL RULES OF THE BOARD MEETINGS;**
- (2) RESIGNATION OF EXECUTIVE DIRECTOR AND CHAIRMAN;**
- (3) APPOINTMENT OF CHAIRMAN;**
- (4) APPOINTMENT OF PRESIDENT;**
- (5) CHANGES IN COMPOSITION OF THE BOARD COMMITTEES; AND**
- (6) APPOINTMENT OF A MEMBER OF THE THIRD SESSION OF SUPERVISORY BOARD**

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE PROCEDURAL RULES OF THE BOARD MEETINGS

The board (the “**Board**”) of directors (the “**Directors**”) of China Machinery Engineering Corporation* (the “**Company**”) hereby announces that resolutions will be proposed at the 2018 second extraordinary general meeting to be held on Monday, March 5, 2018 (the “**Second EGM**”), in relation to, among others, certain proposed amendments to the articles of association of the Company (the “**Articles of Association**”) and the procedural rules of the Board meetings for housekeeping matters (the “**Proposed Amendments**”). The details of the Proposed Amendments are set out in the appendices to this announcement.

Save for the terms set out in the appendices, other terms stipulated in the Articles of Association and the procedural rules of the Board meetings shall remain unchanged.

RESIGNATION OF EXECUTIVE DIRECTOR AND CHAIRMAN

The Board hereby announces that Mr. SUN Bai (“**Mr. SUN**”) has resigned as an executive Director, the chairman of the Board (the “**Chairman**”), a member and the chairman of each of the nomination committee (the “**Nomination Committee**”) and the strategy and development committee of the Board (the “**Strategy and Development Committee**”), with effect from January 12, 2018 for reason that he has reached the age of retirement. Mr. SUN has confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company (the “**Shareholders**”).

The Board would like to express its sincere gratitude to Mr. SUN for his valuable contribution to the Company during his tenure of office.

APPOINTMENT OF CHAIRMAN

The fiftieth meeting of the second session of the Board was held on January 12, 2018, at which the Board resolved that following the resignation of Mr. SUN as the Chairman, Mr. ZHANG Chun (“**Mr. ZHANG**”), an executive Director, be appointed as the Chairman with effect from January 12, 2018 until the expiration of the term of second session of the Board in accordance with the Articles of Association.

APPOINTMENT OF PRESIDENT

Following the appointment as the Chairman, Mr. ZHANG has ceased to serve as the President of the Company with immediate effect on January 12, 2018. On the same day, Mr. ZHOU Yamin (“**Mr. ZHOU**”), the Chief Financial Officer, secretary to the Board and Company Secretary, has been appointed as the President, whose term of office will commence from January 12, 2018 until the expiry of the term of the third session of the Board.

Mr. ZHOU, aged 54, has been appointed as the President, whose term of office will commence from January 12, 2018 until the expiry of the term of the third session of the Board. He is currently the chief financial officer of the Company, secretary to the Board and the Company Secretary. He has more than 30 years of management experience. Mr. ZHOU served in various positions in China Machinery Industry Installation Company (中國機械工業安裝總公司) from October 1983 to June 2001, including bookkeeper of the finance department, accountant, vice departmental director of the finance department and manager of the finance department. From June 2001 to February 2002, Mr. ZHOU served as deputy chief accountant and manager of the department of financial assets for China CMIIC Engineering & Construction Corporation. From February 2002 to December 2004, Mr. ZHOU was appointed as the chief accountant of China CMIIC Engineering & Construction Corporation and from December 2004 to July 2011, he served as the deputy general manager and chief financial officer for China CMIIC Engineering & Construction Corporation. In July 2011, Mr. ZHOU joined the Company and was appointed as the chief financial officer of the Company. He has been serving as the secretary to the Board and a joint Company Secretary since June 26, 2014 and officially serves as the sole Company Secretary from July 1, 2017. Mr. ZHOU graduated from Beijing Technology and Business University and the Open University of China (北京工商大學和中央廣播電視大學) with a bachelor’s degree in management in July 2004, majoring in accounting. Mr. ZHOU is a senior accountant, a member of the Chinese Institute of Certified Public Accountants (non-practising), an international certified practicing accountant and a senior international finance manager.

Save as disclosed above, Mr. ZHOU has not held other directorships in the last three years in public companies of which the securities are listed on any securities market in Hong Kong or overseas, or any other position in the Company or other members of the Group and does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “**SFO**”) nor any relationship with any director, supervisor, senior management, chief executive or substantial shareholder or controlling shareholder of the Company.

Save as disclosed above and as far as the Directors are aware, there is no information of Mr. ZHOU to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”); and there are no other matters concerning Mr. ZHOU that need to be brought to the attention of the Shareholders.

CHANGES IN COMPOSITION OF THE BOARD COMMITTEES

The Board hereby announces that the following changes in the composition of the Board committees:–

1. Mr. SUN has resigned as a member and the chairman of each of the Nomination Committee and the Strategy and Development Committee with effect from January 12, 2018;
2. Mr. ZHANG, an executive Director and newly appointed Chairman, has been appointed as a member and the chairman of the Nomination Committee for a term commencing on January 12, 2018 until the expiration of the term of the second session of the Board; and
3. Mr. ZHANG has also been appointed as the chairman of the Strategy and Development Committee for a term commencing on January 12, 2018 until the expiration of the term of the second session of the Board.

APPOINTMENT OF A MEMBER OF THE THIRD SESSION OF SUPERVISORY BOARD

The Board announces that at the employees' general meeting of the Company held on January 8, 2018, Ms. LIU Ting was appointed as the staff representative supervisor of the Company (the “**Supervisor**”) for the third session of the supervisory board of the Company (the “**Supervisory Board**”) with effect from the conclusion of the Second EGM.

The biographical details of Ms. LIU Ting, the staff representative Supervisor for the third session of the Supervisory Board, are set out below:

Ms. LIU, aged 36, is the deputy general manager of the audit department of the Company. She served as a staff member of the project auditing division of the Company from August 2006 to September 2009. In September 2009, she started as a staff member of the audit department of the Company, and was subsequently promoted to deputy general manager of the audit department. Ms. LIU has over 10 years of experience in accounting and auditing.

Ms. LIU graduated from School of Business, Renmin University of China (中國人民大學商學院) with a bachelor's degree in management in 2004, majoring in accounting, and obtained a master's degree in management from Renmin University of China (中國人民大學) in 2006. Ms. LIU is a senior accountant, a Chinese certified public accountant, a Certified Practising Accountant (Australia) and an international certified internal auditor.

Save as disclosed above, Ms. LIU does not hold any directorship in public companies of which the securities are listed on any securities market in Hong Kong or overseas in the last three years, or any other position in the Company or other members of the Group and does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO nor any relationship with any director, supervisor, senior management, chief executive or substantial shareholder or controlling shareholder of the Company.

As at the date of this announcement, Ms. LIU confirms that she will comply with the Listing Rules to the best of her ability.

The Company will enter into a service contract with Ms. LIU in connection with her appointment above-mentioned, for a term commencing from the conclusion of the Second EGM until the expiration of the term of third session of the Supervisory Board.

Save as disclosed above, the Board is not aware of any matters relating to the appointment of Ms. LIU that need to be brought to the attention of the Shareholders, nor is there any information required to be disclosed under Rule 13.51(2) (h) to (v) of the Listing Rules.

By Order of the Board
China Machinery Engineering Corporation*
ZHOU Yamin
Secretary to the Board/Company Secretary

Beijing, the People's Republic of China, January 12, 2018

As at the date of this announcement, the Board comprises: Mr. ZHANG Chun as Executive Director; Mr. WANG Zhian, Mr. YU Benli and Mr. ZHANG Fusheng as Non-executive Directors; and Mr. LIU Li, Ms. LIU Hongyu, Mr. FANG Yongzhong and Mr. WU Tak Lung as Independent Non-executive Directors.

* *For identification purposes only*

APPENDIX I

The proposed amendments to the Articles of Association are set out as follows:

1. Article 69 of the Articles of Association

Currently read as follows:

“A shareholders’ general meeting shall be convened and presided over by the chairman of the Board. If the chairman of the Board cannot attend the meeting for any reason, the Board shall designate a director of the Company to convene and preside over the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one person to be chairman of the meeting. If for any reason the shareholders fail to elect a chairman, the shareholder (including his proxy) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.”

To be amended and read as follows:

“A shareholders’ general meeting shall be convened and presided over by the chairman of the Board. If the chairman of the Board cannot attend the meeting for any reason, the vice chairman of the Board (if any) shall convene and preside over the meeting. If the vice chairman of the Board (if any) cannot attend the meeting, the Board shall designate a director of the Company to convene and preside over the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one person to be chairman of the meeting. If for any reason the shareholders fail to elect a chairman, the shareholder (including his proxy) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.”

2. Article 97 of the Articles of Association

Currently read as follows:

“The Company shall establish a Board. The Board shall comprise 9 directors, including 4 independent directors. Independent directors may report the relevant state of affairs directly to the shareholders’ general meeting, the securities regulatory authorities of the State Council and other relevant departments.

The addition of directors shall be approved by special resolution in the shareholders’ general meeting. The number of independent directors shall, at all times, be no less than 4.

The Board shall have one chairman. The chairman of the Board shall be elected or removed by more than one half of all directors. The term of office of the chairman shall be 3 years and is renewable upon re-election.

A director is not required to hold any shares in the Company.

The number of persons holding office as chairman, vice chairman and executive directors of the controlling shareholder while also holding office as chairman and executive directors of the Company shall not exceed 2.”

To be amended and read as follows:

“The Company shall establish a Board. The Board shall comprise 9 directors, including 4 independent directors. Independent directors may report the relevant state of affairs directly to the shareholders’ general meeting, the securities regulatory authorities of the State Council and other relevant departments.

The addition of directors shall be approved by special resolution in the shareholders’ general meeting. The number of independent directors shall, at all times, be no less than 4.

The Board shall have one chairman. The Board may, according to practical circumstances, determine whether to set up the position of vice chairman(s) in the Company. The chairman and the vice chairman (if any) of the Board shall be elected or removed by more than one half of all directors. The term of office of the chairman and the vice chairman (if any) shall be 3 years and is renewable upon re-election.

The number of persons holding office as chairman, vice chairman and executive directors of the controlling shareholder while also holding office as chairman, vice chairman (if any) and executive directors of the Company shall not exceed 2.”

3. The second paragraph of Article 100 of the Articles of Association

Currently read as follows:

”In the event that the chairman of the Board is unable to exercise and perform his powers and duties, a director jointly elected by more than half of all the directors may perform such duties.”

To be amended and read as follows:

”In the event that the chairman of the Board is unable to exercise and perform his powers and duties, the vice chairman of the Board (if any) to perform the powers and duties on his behalf; where the vice chairman of the Board (if any) is unable to or fails to perform his duties, a director jointly elected by more than half of all the directors may perform such duties.”

APPENDIX II

The proposed amendments to the procedural rules of the Board meetings are as follows:

1. Article 3 of Chapter 2 of the procedural rules of the Board meetings

Currently read as follows:

“The composition of the Board shall be nine persons including four independent directors. The Board consists of one chairman. The chairman shall be elected by all directors with majority votes.

The chairman, vice chairman and executive director of the controlling shareholder who also serve as the chairman and executive director of the Company shall not be more than two.”

To be amended and read as follows:

“The composition of the Board shall be nine persons including four independent directors. The Board consists of one chairman. The Board may, according to practical circumstances, determine whether to set up the position of vice chairman(s) in the Company. The chairman and the vice chairman (if any) shall be elected by all directors with majority votes.

The chairman, vice chairman and executive director of the controlling shareholder who also serve as the chairman, vice chairman (if any) and executive director of the Company shall not be more than two.”

2. Article 18 of Chapter 4 of the procedural rules of the Board meetings

Currently read as follows:

”If the chairman is unable or fails to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.”

To be amended and read as follows:

“If the chairman is unable or fails to perform his duties, the vice chairman of the Board (if any) shall perform such duties. Where the vice chairman of the Board (if any) is unable to or fails to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.”

3. Article 31 of Chapter 6 of the procedural rules of the Board meetings

Currently read as follows:

”The Board meeting shall be convened and presided over by the chairman, or a director jointly recommended by more than half of the directors where the chairman is unable to or fails to perform his/her duties.”

To be amended and read as follows:

”The Board meeting shall be convened and presided over by the chairman. In the event that the chairman of the Board is unable to or fails to perform his duties, the vice chairman of the Board (if any) shall convene and preside over the meeting. Where the vice chairman of the Board (if any) is unable to or fails to perform his duties, a director jointly recommended by more than half of the directors shall convene and preside over the meeting.”