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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)**

## **PROFIT WARNING**

This announcement is made by China Machinery Engineering Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**Inside Information Provisions**”).

The board of directors of the Company (the “**Board**”) hereby informs the shareholders of the Company and potential investors that based on the preliminary assessment of the recent unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group’s net profit for the year ended December 31, 2020 is expected to decrease by 40% to 55% compared with the same period in 2019 (net profit for the year ended December 31, 2019 was approximately RMB2,181.3 million).

The aforesaid decrease in net profit is mainly attributable to a certain level of impact from the outbreak of the COVID-19 pandemic (the “**Pandemic**”) on the market conditions. The impact of the Pandemic on the execution and development of complete engineering projects, especially in respect of manpower, procurement and supply of equipment and materials and funds, resulted in construction delays and increased costs. For trading and other service business, the Pandemic has caused different extent of delay in procurement, delivery and shipping, leading to a chain reaction to the interface of subsequent orders. Business disputes in certain business activities had certain impact.

The information contained in this announcement is only based on the preliminary assessment made by the Group with reference to the information available to the Board as at the date of this announcement, and has not been reviewed or audited by the independent auditor of the Company. The actual results of the Group for the year ended December 31, 2020 may differ from the information contained in this announcement. Detailed financial information of the Group will be disclosed in the annual results announcement of the Group for the year ended December 31, 2020, which is expected to be published by the end of March 2021. Shareholders and potential investors are advised to read the annual results announcement of the Group when it is published.

Reference is made to the announcement (the “**Rule 3.5 Announcement**”) jointly issued by the Company and China SUMEC Automotive Industry Consulting Development Co., Ltd.\* (a wholly-owned subsidiary of China National Machinery Industry Corporation, which is the controlling shareholder of the Company) dated January 13, 2021 in relation to, among other things, the Merger (as defined in the Rule 3.5 Announcement).

The profit warning included in this announcement (the “**Profit Warning**”) constitutes a profit forecast under Rule 10 of The Codes on Takeovers and Mergers (the “**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong and is required to be reported on by the Company’s financial adviser and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of the inside information under Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (timewise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code. Under Rule 10.4 of the Takeovers Code, if the Profit Warning is published first in an announcement, it must be repeated in full, together with the reports from the Company’s financial advisers and auditors or accountants on the said profit forecast, in the next document to be sent to the Shareholders (the “**Shareholders’ Document**”). However, if the annual results of the Company for the year ended December 31, 2020 which fall within the ambit of Rule 10.9 of the Takeovers Code have been published by the time of release of the next Shareholders’ Document and the relevant results together with the notes to the financial statements are included in the next Shareholders’ Document, the requirements to report on the Profit Warning under Rule 10.4 of the Takeovers Code will no longer apply.

**Shareholders and potential investors of the Company should note that the Profit Warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Merger (as defined in the Rule 3.5 Announcement). Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**China Machinery Engineering Corporation\***  
**BAI Shaotong**  
*Chairman*

Beijing, the PRC, January 14, 2021

*As at the date of this announcement, the Executive Directors are Mr. FANG Yanshui and Ms. AI Wei; the Non-executive Directors are Mr. BAI Shaotong, Mr. MA Jian and Mr. ZHANG Zhiyu; and the Independent Non-executive Directors are Mr. LIU Li, Ms. LIU Hongyu, Mr. FANG Yongzhong and Mr. WU Tak Lung.*

*All directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements contained in this announcement misleading.*

\* For identification purposes only