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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)

ANNOUNCEMENT
PROPOSED AMENDMENT TO ARTICLES
AND
APPOINTMENT OF AN INDEPENDENT
NON-EXECUTIVE DIRECTOR

PROPOSED AMENDMENT TO ARTICLES

The address (head office) of the Company was changed to No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City since 19 March 2012 (details are set out in the announcement in relation to change of address of head office published by the Company on 16 March 2012). In view of this, the Company is required to amend the Articles.

Further, pursuant to new requirements under Rules 3.10A and 3.11 of the Listing Rules to be effective from 1 April 2012, namely “An issuer must appoint independent non-executive directors representing at least one-third of the board”; “Issuers must comply with this rule by 31 December 2012” and “An issuer will have a three-month period to appoint a sufficient number of independent non-executive directors to comply with the one-third rule after failing to meet the requirement.” (“Amendments to the Listing Rules”). In view of this, the Board proposes to amend the Articles. The proposed amendments to the Articles are subject to the approval of the Shareholders by way of special resolution at the forthcoming annual general meeting. Details of the proposed amendments are set out in the circular to be dispatched to the Shareholders.

APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board now consists of 11 Directors including 4 executive Directors, 4 non-executive Directors and 3 independent non-executive Directors. Independent non-executive Directors represent only 27.27% of the Board, less than one third as required under the amended Listing Rules (to be effective on 1 April 2012). As such, the Board has proposed to appoint Mr. Jin Jingyu as an additional independent non-executive Director to comply with the Amendments to the Listing Rules. The appointment is subject to approval by the Shareholders at the forthcoming annual general meeting.

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Mr. Jin Jingyu, aged 46, has been serving at Chongqing Technology and Business University as the Chairman of the Academic Council of the School of Finance, director of the Investment and Insurance Department and professor of finance and tutor of PhD student & postgraduate since March 2009. Mr. Jin joined the university (known as Chongqing Business School before 2003) in May 1997 and served as the deputy director of the Finance and Investment Department from March 2000 to March 2001 and an associate professor and professor of finance from November 2000 to November 2005. He studied in the Mathematics Department of Henan University from September 1988 to July 1992 as an undergraduate student; studied in the University of Science and Technology of China majored in management science from September 1992 to July 1995 and received a master's degree in engineering; studied in the Southwest Jiaotong University majored in management science and engineering from March 2003 to January 2007 and received a doctor's degree in management. Mr. Jin held several concurrent posts as follows: from September 1997 to September 2002, a business director of the Financing Service Company (融資服務公司) and general manager of the 1st Business Department of Dapeng Securities Company Limited (大鵬證券有限責任公司); from July 2002 to June 2003, a director and secretary to the board of directors of Southwest Synthetic Pharmaceutical Co., Ltd. (西南合成制藥股份公司) (Stock code: 000788); from January 2006 to March 2010, a director and secretary to the board of directors of Chongqing Wanli Storage Batteries Co., Ltd. (重慶萬里電池股份有限公司) (Stock code: 600847); from June 2005 to February 2010, the chairman of Chongqing Tiandi Pharmaceutical Co., Ltd. (重慶天地藥業有限公司).

Mr. Jin Jingyu is now a member of the Enterprises Operations Branch of the Operations Research Society of China, adjunct researcher of the Research Center of the Economy of the Upper Reaches of Yangtze River (a major research center of the Ministry of Education), a member of the Evaluation Committee of Professional Titles, the Teaching Steering Committee and the School of Economics of Chongqing Technology and Business University.

Pursuant to the Articles, the appointment of Mr. Jin Jingyu is subject to the approval of Shareholders at the general meeting and his term of office shall commence from the date of approval by Shareholders to the expiration of the current Board.

As at the date of this announcement, Mr. Jin Jingyu did not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed in this announcement, Mr. Jin Jingyu does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Mr. Jin Jingyu has not entered into any service contract with the Company or its subsidiaries in respect of his appointment as an independent non-executive Director. The proposed annual salary of Mr. Jin Jingyu in his term of office shall be subject to the remuneration standard of the Company as approved at the 2009 annual general meeting.

Save as disclosed above, there is no other matter in relation to Mr. Jin Jingyu that needs to be brought to the attention of the Shareholders of the Company and there is no information that is required to be disclosed pursuant to Rules 13.51(2) (h) to (v) of the Listing Rules.

DEFINITIONS

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

“Articles”	means	the articles of association of the Company
“Board”	means	the board of directors of the Company
“Company”	means	Chongqing Machinery & Electric Co., Ltd.
“Director(s)”	means	the director(s) of the Company
“Domestic Share(s)”	means	ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company which are subscribed for or credited as paid up in RMB
“Group”	means	the Company and its associates

“H Shares”	means	overseas-listed foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	means	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	means	Renminbi, the lawful currency of the PRC
“Shares”	means	the Domestic Shares and/or the H Shares
“Shareholders”	means	holder(s) of the Shares
“Stock Exchange”	means	The Stock Exchange of Hong Kong Limited

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Xie Hua Jun
Executive Director, Chairman

27 March 2012

As at the date of this announcement, the executive Directors are Mr. Xie Hua Jun, Mr. Yu Gang, Mr. Liao Shaohua and Mr. Chen Xianzheng; the non-executive Directors are Mr. Huang Yong, Mr. Wang Jiyu, Mr. Yang Jingpu and Mr. Liu Liangcai; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang and Mr. Kong Weiliang.

* For identification purposes only