



**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)

**PROCEDURES FOR SHAREHOLDERS TO PROPOSE A CANDIDATE FOR  
ELECTION AS A DIRECTOR**

The Procedures for Shareholders to Propose a Candidate for Election as a Director are set out in the Articles of Association of Chongqing Machinery & Electric Co., Ltd. (the “Articles”) and the Rules of Procedures of General Meetings of Chongqing Machinery & Electric Co., Ltd. (the “Rules of Procedures of General Meetings”). For the purpose of shareholders proposing a candidate for election as a director:

<b>"Board"</b>	means	the board of directors of the Company
<b>"Company"</b>	means	Chongqing Machinery & Electric Co., Ltd.
<b>"Director(s)"</b>	means	member(s) of the Board
<b>"Listing Rules or Rules"</b>	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
<b>"Articles"</b>	means	the articles of association of Chongqing Machinery & Electric Co., Ltd. (as amended from time to time)
<b>"Rules of Procedures of General Meetings"</b>	means	the Rules of Procedures of General Meetings of Chongqing Machinery & Electric Co., Ltd., as

approved at the 2008 annual general meeting  
of the Company held on 25 June 2009

**"Shareholders"** means individuals or corporations holding the shares of  
the Company

**"Shareholder-proposed  
Candidate(s)"** means candidate(s) nominated for election as  
Director(s) by individuals or corporations  
holding the shares of the Company pursuant to  
the Articles

Directors shall be elected at the general meeting. The term of office of Directors is three (3) years. Upon expiry of such term of office, a director shall be eligible to offer himself for re-election and reappointment.

Article 102  
of the  
Articles

Directors elected as additional or supplemented Directors at a general meeting shall hold office from the effective date of such election to the expiry of the term of such session of the Board.

A written notice stating the intention to nominate a candidate for directorship and the candidate's consent to the nomination shall be submitted to the Company after the dispatch of the notice of general meeting held for the purpose of election of such Director and at least seven (7) days before the convening of the general meeting, and the written notice period shall not be less than seven (7) days.

List of candidates for Directors and supervisors shall be submitted to the general meeting for resolution in the form of proposals.

Article 32  
of the  
Rules of  
Procedures  
of General  
Meetings

The Board, the shareholders individually or jointly holding more than 5% of the Company's outstanding shares carrying voting rights are entitled to propose a candidate for Director (excluding independent Director, the same below). The number of candidates in each proposal shall not exceed the number of the Directors as provided in the Articles.

The supervisory committee and the shareholders individually or jointly holding 5% or more of the Company's outstanding shares carrying voting rights are entitled to propose a candidate for supervisor. The number of candidates in each proposal shall not exceed the number of the supervisors from shareholder representatives as provided in the Articles.

The proposer shall provide a candidate's biography and basic information and relevant evidence materials (including the discloseable information of such candidate as required under Rule 13.51(2) of the Listing Rules), and the proposal shall be reviewed by the Board. Proposals which comply with the laws and regulations and the Articles shall be submitted to general meetings for consideration. Proposals which are not submitted to the general meeting for consideration due to incompliance with the aforesaid requirements shall be explained and accounted for at the general meeting. The Board is obliged to keep the Shareholders informed of the biographies and basic information of the candidates for Directors and supervisors.

Nomination procedures of candidates for independent Directors are as follows: The Board, the supervisory committee, or Shareholders individually or jointly holding more than 1% of issued shares of the Company are entitled to nominate candidates for independent Directors, and the nominator shall seek the consent of nominees prior to the nomination. The nominator shall acquire all the personal particulars of such nominees as to their profession, education, academic title, detailed work experiences, and all part-time jobs (including the discloseable information of such candidates as required under Rule 13.51(2) of the Listing Rules), and comment on their qualifications and independence for the position of independent Directors. The nominees shall make announcements that they have no relationship with the Company which may affect its independent and objective judgement in any manner.

Article 33 of the Rules of Procedures of General Meetings
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Prior to the general meeting for independent Directors' election, the Board shall make announcement regarding the above matters pursuant to the regulations.

Prior to the general meeting for election of independent Directors, the Company shall submit the relevant information on all nominees to the stock exchange (when necessary) or the resident agencies of the China Securities Regulatory Commission (the “CSRC”) (when necessary). In the case that the Board have objection to the relevant information on the nominees, a written opinion of the Board shall be submitted. The CSRC may review the qualification and independence of the independent Directors within 15 working days. A nominee who was objected by the CSRC can serve as the candidate for Directors of the Company, but can not serve as the candidate for independent Directors in case of election of Directors at the general meeting. At the general meeting for the purpose of election of independent Directors, the Board shall make an explanation as to whether the stock exchange or the CSRC objects to the candidates for independent Directors.

Proposals in relation to election of Directors and supervisors to be considered at the general meeting shall be voted one by one on each candidate in ways as required by the Articles. Where a proposal for re-election of Directors and/or supervisors is approved, the newly elected shall assume office immediately upon conclusion of such meeting.

Article 59 of the Rules of Procedures
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