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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)

**RESIGNATION OF DIRECTOR AND
REDESIGNATION OF DIRECTOR**

The board of directors (the “**Board**”) of Chongqing Machinery & Electric Co., Ltd.*(the “**Company**”) announces that, on 25 January 2013, Mr. Xie Hua Jun (“**Mr. Xie**”) tendered his resignation as an executive director, the chairman, the chairman of the Strategic Committee, the chairman of the Nomination Committee and other positions to the Board due to personal reasons and changes of his position in the Chongqing Machinery and Electronic Holding (Group) Co., Ltd.*(重慶機電控股(集團)公司).

According to Article 105 of the Articles of Association of Chongqing Machinery & Electric Co., Ltd.*(重慶機電股份有限公司章程), as jointly elected by more than half members of the Board, Mr. Yu Gang, an executive director of the Company, will temporarily perform the duties of the chairman of the Company until the new chairman of the Company is elected.

The resignation of Mr. Xie as the chairman of the Board will take effect upon the election of the new chairman of the Company in due course.

The resignation of Mr. Xie as an executive Director will take effect upon being approved by the shareholders' general meeting in due course.

Mr. Xie has confirmed that he has no disagreements with the Board, and there are no other matters relating to his resignation which need to be brought to the attention of the shareholders of the Company.

The Company hereby declares that the Company maintains standard corporate governance and the resignation of Mr. Xie will not have material impact on the operation and financial position of the Company.

The Board would like to take this opportunity to express its gratitude to Mr. Xie for his contributions to the Company during his tenure. The Company will publish a separate announcement in due course upon election of new chairman, chairman of the Strategic Committee and chairman of the Nomination Committee.

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Chen Xianzheng
Executive Director and Secretary to the Board

Chongqing, the PRC
25 January 2013

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

* *For identification purposes only*