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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)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the first Extraordinary General Meeting (the “**EGM**”) of Chongqing Machinery & Electric Co., Ltd.\* (the “**Company**”) for 2013 will be held at the Report Hall, 2/F, Jidian Building, No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC on Wednesday, 10 April 2013 at 10 a.m. for the purpose of considering and, if thought fit, passing, with or without modification or supplementation, the following resolutions:

**ORDINARY RESOLUTIONS:**

1. To approve the transactions in respect of the deposit services under the financial services framework agreement entered into between the Company and Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.\* on 17 February 2013 (the “**Group Financial Services Framework Agreement**”) and the proposed annual caps for such transactions for the year ended 31 December 2013;
2. To approve the transactions in respect of the loan services under the financial services framework agreement entered into between the Company and Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.\* on 17 February 2013 (the “**Group Financial Services Framework Agreement**”) and the proposed annual caps for such transactions for the year ended 31 December 2013;

3. To approve the transactions in respect of the loan services under the financial services framework agreement entered into between Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.\* and Chongqing Machinery and Electronic Holding (Group) Co., Ltd.\* on 17 February 2013 (the “**Parent Group Financial Services Framework Agreement**”) and the proposed annual caps for such transactions for the year ended 31 December 2013;
4. To approve the transactions in respect of the guarantee services under the financial services framework agreement entered into between Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.\* and Chongqing Machinery and Electronic Holding (Group) Co., Ltd.\* on 17 February 2013 (the “**Parent Group Financial Services Framework Agreement**”) and the proposed annual caps for such transactions for the year ended 31 December 2013;
5. To authorize the directors of the Company to do all such further acts and things and execute all such further documents and take all such steps which, in their absolute discretion, to implement and/or give effect to the matters contemplated under the abovementioned resolutions;
6. To approve resignation of Mr. Liao Shaohua as an executive Director;
7. To approve the appointment of Mr. Ren Yong as an executive Director and his remuneration to be determined in accordance with the remuneration programs as approved at the 2009 annual general meeting;
8. To approve the resignation of Mr. Liu Liangcai as a non-executive Director;
9. To approve the appointment of Mr. Deng Yong as a non-executive Director and his remuneration to be determined in accordance with the remuneration programs as approved at the 2009 annual general meeting;
10. To approve resignation of Mr. Duan Rongsheng as a Supervisor;
11. To approve the appointment of Mr. Yang Mingquan as a Supervisor and his remuneration to be determined in accordance with the remuneration programs as approved at the 2009 annual general meeting;

12. To approve the resignation of Mr. Zhang Xinzhi as a Supervisor;
13. To approve the appointment of Mr. Wang Pengcheng as a Supervisor and his remuneration to be determined in accordance with the remuneration programs as approved at the 2009 annual general meeting;

**SPECIAL RESOLUTION:**

14. The proposal by the board of directors of the Company (the “**Board**”) to amend the Articles of the Company in the manner as set out in the announcement of the Company dated 17 February 2013 to the shareholders of the Company, be and is hereby approved, and the Board be and is hereby authorised to do all such things as necessary in respect of the amendments to the Articles pursuant to the requirements (if any) under domestic or overseas laws and under the rules of any stock exchange on which securities of the Company are listed.

By Order of the Board  
**Chongqing Machinery & Electric Co., Ltd.\***  
**Yu Gang**  
*Executive Director*

19 February 2013

\* *For identification purposes only*

*Notes:*

1. A member of the Company (“**Member**”) entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a Member. A form of proxy for use at the Meeting is enclosed herewith. In the case of the joint holders of any Share, only the person whose name appears first in the register of Members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such Share at the Meeting, and this notice shall be deemed to be given to all joint holders of such Share.

2. To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's H share registrar Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in case of holders of domestic shares, to the Company's mailing address at No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC, not later than 24 hours before the time appointed for holding the Meeting or the time appointed for passing the resolutions or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The register of Members will be closed from 11 March 2013 to 10 April 2013, both days inclusive, during which period no transfer of H shares of the Company will be effected. In order to determine the list of Members who are qualified to attend and vote at the Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 8 March 2013.
4. Whether or not the holders of H shares of the Company are able to attend the Meeting, they shall complete the enclosed reply slip for the Meeting and return it, by hand or by post, to the Company's H share registrar Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or by fax on or before Wednesday, 20 March 2013.
5. Whether or not the holders of domestic shares of the Company are able to attend to the Meeting, they shall complete the enclosed reply slip for the Meeting and return it, by hand or by post, to the Company's mailing address at No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC or by fax on or before Wednesday, 20 March 2013.

*As at the date of this notice, 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. Yang Jingpu and Mr. Liu Liangcai; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Kong Weiliang and Mr. Jin Jingyu.*