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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)

**SUPPLEMENTAL NOTICE OF
THE EXTRAORDINARY GENERAL MEETING**

Reference is made to the announcement of Chongqing Machinery & Electric Co., Ltd.* (the “**Company**”) dated 17 February 2013 and the Notice of the First Extraordinary General Meeting of 2013 (the “**EGM**”) dated 19 February 2013 (the “**EGM Notice**”), which contain the resolutions to be tabled at the EGM for the approval of the shareholders of the Company. Due to the reasons as set out in the supplemental announcement of the Company dated 13 March 2013 (the “**Supplemental Announcement**”), the board of directors of the Company (the “**Board**”) will not propose the resolutions originally numbered 1, 2, 3 and 4 in the EGM Notice at the EGM and will propose additional resolutions numbered 1, 2, 3 and 4 as set out below in this supplemental notice, details of which are set out in the Supplemental Announcement. All resolutions to be proposed at the EGM are set out in this supplemental notice of EGM as follows.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the EGM of 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 at 10:00 a.m. on Wednesday, 10 April 2013 for the purpose of considering and, if thought fit, passing, 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 (as amended by the financial services framework supplemental agreement entered into between the Company and Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.* on 13 March 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 (as amended by the financial services framework supplemental agreement entered into between the Company and Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.* on 13 March 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 (as amended by the financial services framework supplemental agreement entered into between Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.* and Chongqing Machinery and Electronic Holding (Group) Co., Ltd.* on 13 March 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 (as amended by the financial services framework supplemental agreement entered into between Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.* and Chongqing Machinery and Electronic Holding (Group) Co., Ltd.* on 13 March 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 the 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 (As Acting Chairman)

15 March 2013

* *For identification purposes only*

Notes:

1. Any shareholder entitled to attend and vote at the said meeting is entitled to appoint one or more than one proxy to attend and vote on his behalf according to the Articles of Association of the Company. A proxy need not be a member of the Company.
2. Since the form of proxy published by the Company on 19 February 2013 (the “First Form of Proxy”) does not contain the additionally proposed resolutions no.1, 2, 3 and 4 as set out in this supplemental notice, a new form of proxy (the “Second Form of Proxy”) has been prepared and will be despatched together with this supplemental notice. The Second Form of Proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.chinacqme.com).
3. A holder of H Shares who wishes to appoint a proxy to attend and vote at the EGM but has not yet lodged the First Form of Proxy with the Company’s H Share registrar or a holder of domestic shares should complete the enclosed Second Form of Proxy. Holders of H Shares should return the Second Form of Proxy 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, 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 less than 24 hours before the scheduled time for the EGM or any adjournment thereof (as the case may be), in order to be qualified).

4. A holder of H Shares who has already lodged the First Form of Proxy with the Company's H Share registrar should note that:
- (i) If no Second Form of Proxy is lodged with the H Share registrar of the Company in accordance with the instructions printed thereon, the First Form of Proxy will be treated as a valid form of proxy lodged by the shareholder if duly completed. Apart from the resolutions referred to in the EGM Notice and the First Form of Proxy, the proxy so appointed by the shareholder pursuant to the First Form of Proxy will be entitled to vote or to abstain from voting at his or her discretion on any resolution properly put to the EGM, including the additionally proposed resolutions no.1, 2, 3 and 4 as set out in this supplemental notice.
 - (ii) If the Second Form of Proxy is lodged with the H Share registrar of the Company at or before 10:00 a.m. on Tuesday, 9 April 2013 in accordance with the instructions printed thereon, the Second Form of Proxy, whether duly completed or not, will revoke and supersede the First Form of Proxy previously lodged by the shareholder. The Second Form of Proxy will be treated as a valid form of proxy if duly completed.
 - (iii) If the Second Form of Proxy is lodged with the H Share registrar of the Company after 10:00 a.m. on Tuesday, 9 April 2013, the Second Form of Proxy will be deemed invalid. It will not revoke the First Form of Proxy previously lodged by the shareholder. The First Form of Proxy will be treated as a valid form of proxy if duly completed. Apart from the resolutions referred to in the EGM Notice and the First Form of Proxy, the proxy so appointed by the shareholder pursuant to the First Form of Proxy will be entitled to vote or to abstain from voting at his or her discretion on any resolution properly put to the EGM, including the additionally proposed resolutions no.1, 2, 3 and 4 as set out in this supplemental notice.
5. A holder of domestic shares who has already lodged the First Form of Proxy with the Company's mailing address should note that:
- (i) If no Second Form of Proxy is lodged with the mailing address of the Company in accordance with the instructions printed thereon, the First Form of Proxy will be treated as a valid form of proxy lodged by the shareholder if duly completed. Apart from the resolutions referred to in the EGM Notice and the First Form of Proxy, the proxy so appointed by the shareholder pursuant to the First Form of Proxy will be entitled to vote or to abstain from voting at his or her discretion on any resolution properly put to the EGM, including the additionally proposed resolutions no.1, 2, 3 and 4 as set out in this supplemental notice.
 - (ii) If the Second Form of Proxy is lodged with the mailing address of the Company at or before 10:00 a.m. on Tuesday, 9 April 2013 in accordance with the instructions printed thereon, the Second Form of Proxy, whether duly completed or not, will revoke and supersede the First Form of Proxy previously lodged by the shareholder. The Second Form of Proxy will be treated as a valid form of proxy if duly completed.

- (iii) If the Second Form of Proxy is lodged with the H Share registrar of the Company after 10:00 a.m. on Tuesday, 9 April 2013, the Second Form of Proxy will be deemed invalid. It will not revoke the First Form of Proxy previously lodged by the shareholder. The First Form of Proxy will be treated as a valid form of proxy if duly completed. Apart from the resolutions referred to in the EGM Notice and the First Form of Proxy, the proxy so appointed by the shareholder pursuant to the First Form of Proxy will be entitled to vote or to abstain from voting at his or her discretion on any resolution properly put to the EGM, including the additionally proposed resolutions no.1, 2, 3 and 4 as set out in this supplemental notice.
6. Shareholders are reminded that completion and return of the First Form of Proxy and/or the Second Form of Proxy will not preclude them from attending and voting in person at the EGM or any adjournment thereof.
7. Shareholders or their proxies shall present proofs of identities when attending the meeting.
8. 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.
9. 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. 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.