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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**

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2) of the Listing Rules.

Reference is made to the announcement of the Company dated 25 July 2012 in relation to establishment of a joint venture company (the “July Announcement”). Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the July Announcement.

The Company jointly established the JV Company with nine companies, i.e. the Parent Company, Chongqing Puhui Electromechanical Industrial, Chongqing Crane Works, Chongqing Jian'an Instruments, Qijiang Gear Transmission, Chongqing Machine Tools, Chongqing Pump, Chongqing General and Chongqing Water Turbine Works. The registered capital of the JV Company is RMB200 million.

The JV Company is named as Chongqing New North Zone Machinery and Electronic Microcredit Co., Ltd.\* (重慶市北部新區機電小額貸款有限公司). Recently, the Company received the Approval Reply from Financial Affairs Office of Chongqing Municipality Concerning Approval of the Commencement of Business of Chongqing New North Zone Machinery and Electronic Microcredit Co., Ltd.\* (Yu Jin [2013] No. 79)(《重慶市金融工作辦公室關於同意重慶市北部新區機電小額貸款有限公司開業的批覆》(渝金[2013]79號)) issued by the Financial Affairs Office of Chongqing Municipality (重慶市金融工作辦公室), granting approval to the commencement of business of the JV Company.

The JV Company obtained its business license from Chongqing Administration of Industry and Commerce on 17 April 2013, and could commence its operation from today.

## **DEFINITIONS**

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

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|---------------------------------|--|
| “Company”                       | Chongqing Machinery & Electric Co., Ltd.* (重慶機電股份有限公司), a joint stock limited company incorporated in the PRC, the shares of which are listed on the Stock Exchange (stock code: 02722);   |
| “Parent Company”                | Chongqing Machinery and Electronic Holding (Group) Co., Ltd.* (重慶機電控股(集團)公司), a limited liability company established in the PRC on 25 August 2000 and owned by the Chongqing State-owned Assets Supervision and Administration Commission, being one of the Promoters of the Company; |
| “Inside Information Provisions” | has the meaning ascribed to it under the Listing Rules;  |

“SFO” the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time; and

“RMB” Renminbi, the lawful currency of the PRC.

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

Chongqing, the PRC

18 April 2013

*As at the date of this announcement, the executive Directors are Mr. Yu Gang, Mr. Ren Yong, Mr. Chen Xianzheng and Mr. Xie Hua Jun; the non-executive Directors are Mr. Huang Yong, Mr. Wang Jiyu, Mr. Deng Yong 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*