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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)

**CLARIFICATION OF PRESS NEWS**

The Board noticed some reports concerning the Company appeared on Hong Kong local newspapers and certain financial websites on the internet on 30 August 2013 and 31 August 2013. These reports appearing on such local newspapers and financial websites are along the following lines:

- (i) **Report I:** Chongqing Machinery & Electric (01053) announced that it recorded a loss of RMB1,116 million for the six months ended 30 June 2013, as compared with a loss of RMB648 million for the same period last year, and that it would not declare an interim dividend. Its revenue was RMB9,245 million.
- (ii) **Report II:** The company (referring to Chongqing Machinery & Electric as reported in the press news) pointed out that, as there was no fundamental turnaround in the steel market, it was expected to sustain losses for the period from the beginning of the year to the end of next reporting period.

**The Board hereby clarifies that:**

**(i) Report I:** misrepresentation on the Group's profit and stock code

The Directors confirm that, the Group recorded a profit attributable to the shareholders of the Company of approximately RMB223 million for the six months ended 30 June 2013 and of approximately RMB304 million for same period last year, rather than a loss of RMB1,116 million and RMB648 million respectively as stated in report I, and that the Group's revenue for the six months ended 30 June 2013 amounted to approximately RMB4,857 million, rather than RMB9,245 million as stated in report I.

The Directors confirm that the stock code of the Company is 02722, not 01053 as stated in report I.

**(ii) Report II:** misrepresentation on the Group's business and outlook

The Directors confirm that, the Group is principally engaged in manufacturing and sales of vehicle parts and components, power equipment, general machinery and CNC machine tools, instead of steel business as stated in report II. The Directors expect that the Group's principal business shall remain stable in the second half of the year, instead of continued losses for period from the beginning of the year to the end of the next reporting period as stated in report II.

Reference is made to the announcement of the Company dated 28 August 2013 in relation to the interim results of the Group for the six months ended 30 June 2013 and the interim report of the Group dated 30 August 2013. The highlights of the consolidated results information of the Group are set out below.

- Revenue of the Group for the six months ended 30 June 2013 amounted to approximately RMB4,857.1 million.
- Gross profit of the Group for the six months ended 30 June 2013 amounted to approximately RMB523.0 million.
- Profit attributable to the shareholders of the Company for the six months ended 30 June 2013 was approximately RMB223.1 million.

- Basic earnings per share for the six months ended 30 June 2013 was approximately RMB0.06.
- The Board of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2013.

The Company reserves the rights to take any legal action against the source of the publications on any false information.

## DEFINITIONS

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

“Board”	the board of Directors of Chongqing Machinery & Electric Co., Ltd.* (重慶機電股份有限公司);
“Company”	Chongqing Machinery & Electric Co., Ltd.* (重慶機電股份有限公司), a joint stock company incorporated in the PRC with limited liability, shares of which are listed on the Stock Exchange (stock code: 02722);
“Group”	the Company and its subsidiaries;
“Director(s)”	the director(s) of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“PRC” the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region; and

“Stock Exchange” The Stock Exchange of Hong Kong Limited.

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

Chongqing, the PRC

1 September 2013

*As at the date of the announcement, the executive Directors are Mr. Wang Yuxiang, Mr. Yu Gang, Mr. Ren Yong and Mr. Chen Xianzheng; the non-executive Directors are Mr. Huang Yong, Mr. Wang Jiyu, Mr. Yang Jingpu and Mr. Deng Yong; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Jin Jingyu and Mr. Yang Zhimin.*

\* *For identification purposes only*