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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)

CHANGE OF SECRETARY TO THE BOARD OF DIRECTORS

The board of directors (the “**Board**”) of Chongqing Machinery & Electric Co., Ltd. (the “**Company**”) hereby announces that considering Mr. Chen Xianzheng (“**Mr. Chen**”) will reach his statutory retirement age in August 2014 and for the purpose of facilitating the transition arrangement in relation to the change of secretary to the Board, Mr. Chen has tendered his resignation as the secretary to the Board of the Company (the “**Secretary to the Board**”). The resignation of Mr. Chen as the Secretary to the Board took effect on 24 January 2014.

Mr. Chen has confirmed that he has no disagreement with the Board and that he is not aware of any matters relating to his resignation as the Secretary to the Board that need to be brought to the attention of the shareholders of the Company.

The Board takes this opportunity to express its gratitude to Mr. Chen for his contributions to the Company during his tenure of office as the Secretary to the Board.

The Board further announces that Mr. Xiang Hu (“**Mr. Xiang**”), the Vice General Manager of the Company, has resigned from the position of the Vice General Manager and been appointed as the Secretary to the Board of the Company in place of Mr. Chen who has resigned as the Secretary to the Board of the Company. Mr. Xiang took the position of the Secretary to the Board of the Company from 24 January 2014.

BIOGRAPHY OF MR. XIANG HU

Mr. Xiang Hu, aged 49, joined the Company in September 2012, and has served as a Vice General Manager of the Company since September 2012 to January 2014. He has been concurrently serving as a director of 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) since April 2013 up to now, and a director of Chongqing Water Turbine Works Co., Ltd. and Chongqing Jiangbei Machinery Co., Ltd. from October 2012 up to now. He has also served as a part-time professor of Chongqing University of Technology since 2011 up to now, and a part-time researcher of Chongqing Academy of Social Sciences since 2004 up to now. Mr. Xiang has over 20 years of experience in governmental service and news media. He once served as the deputy director of the Chongqing Intellectual Property Rights Bureau from November 2004 to September 2012, the president of the Modern Workers newspaper office (現代工人報報社) (now known as Chongqing Times (重慶時報)) from January 2003 to November 2004, the deputy CPC secretary of Nanchuan, Chongqing from May 1998 to January 2003, the general manager of Chongqing News Development Company (重慶新聞發展公司) under Xinhua News Agency from July 1993 to May 1998, and a journalist with the Sichuan branch office of Xinhua News Agency from July 1986 to July 1993. Mr. Xiang graduated from the Department of Law of Southwest University of Political Science and Law in July 1986, from the Graduate School of Southwest University of Political Science and Law majoring in law of economy in June 1997, and from Nanyang Technological University, Singapore, majoring in managerial economics and obtained a master degree of managerial economics in July 2002.

By Order of the Board

Chongqing Machinery & Electric Co., Ltd.*

Wang Yuxiang

Executive Director and Chairman

Chongqing, the PRC

24 January 2014

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