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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

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

The Board hereby announces that Chongqing Water Turbine, a wholly-owned subsidiary of the Company, won the bid for the land use right of Plot No. LH(BT)-A-09-01 of Luohuang Industrial Park in Jiangjin District, Chongqing City with an area of 270,862.46 square meters (approximately 406 Mu), a parcel of state-owned construction land, by way of bidding invitation, auction and listing (招拍掛), for the environmental relocation project of Chongqing Water Turbine.

Reference is made to the announcement of the Company dated 5 February 2013 in respect of the environmental relocation project of Chongqing Water Turbine. An aggregate amount of approximately RMB930 million was invested in phase I of the project which mainly involved land acquisitions, construction planning and design, construction of plants and research and development complex, implementation of ancillary facilities and purchase of equipment, etc.

Chongqing Water Turbine won the bid for the land use right of Plot No. LH(BT)-A-09-01 of Luohuang Industrial Park in Jiangjin District, Chongqing City with an area of 270,862.46 square meters (approximately 406 Mu), a parcel of state-owned construction land, at approximately RMB316.98 per square meter (totaling RMB85.86 million) in the listing-for-sale activity for the land use right of the state-owned construction land parcel in Chongqing. Chongqing Water Turbine completed the land transaction procedures on 28 April 2014. The land parcel will be used for the environmental relocation project of Chongqing Water Turbine.

At present, the environmental relocation project of Chongqing Water Turbine is being carried forward as planned.

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);
Inside Information Provisions	has the meaning ascribed to it under the Listing Rules;
Chongqing Water Turbine	Chongqing Water Turbine Works Co., Ltd. (重慶水輪機廠有限責任公司), a limited liability company established under the PRC laws and a wholly-owned subsidiary of the Company;
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);
Director(s)	the director(s) of the Company;
Hong Kong	the Hong Kong Special Administrative Region;

Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange;
PRC	the People's Republic of China, which for purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region and Taiwan region;
RMB	the lawful currency of the PRC;
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
Stock Exchange	The Stock Exchange of Hong Kong Limited; and
Mu	One Mu equals approximately 666.67 square meters.

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Wang Yuxiang
Executive Director and Chairman

Chongqing, the PRC
28 April 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*