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CQME

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)

(Stock Code: 02722)

**VOLUNTARY ANNOUNCEMENT
INCREASE IN SHAREHOLDING BY THE CONTROLLING SHAREHOLDER**

This announcement is made by Chongqing Machinery & Electric Co., Ltd. (the “**Company**”) on a voluntary basis.

On 28 October 2015, the Company received a notice from its controlling shareholder Chongqing Machinery & Electronic Holding (Group) Co., Ltd. (“**CQMEHG**”) that during the period from 13 to 28 October 2015, CQMEHG acquired 5,000,000 H shares in the Company at average price of approximately HK\$1.14194 per share via the trading system of The Stock Exchange of Hong Kong Limited, totalling HK\$5,709,700 and representing approximately 0.45% in the Company’s total issued H share capital.

Prior to this increase in shareholding, CQMEHG held a total of 1,924,225,189 shares (domestic shares) in the Company, representing approximately 52.22% of the total share capital of the Company. After this increase in shareholding, CQMEHG holds a total of 1,929,225,189 shares (including 1,924,225,189 domestic shares and 5,000,000 H shares) in the Company, representing approximately 52.36% of the total share capital of the Company.

CQMEHG intends to continue to increase its shareholding by no more than 2.5% of the total share capital of the Company (including the shares acquired through this increase in shareholding) before 10 September 2016.

* *For identification purposes only*

The Company will continue to monitor the increase in shareholding in the Company by CQMEHG, and make disclosure in accordance with applicable rules and regulations in due course. The Company has been in compliance with the minimum public float requirement of Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Chongqing, the PRC
28 October 2015

As at the date of the announcement, the executive Directors are Mr. Wang Yuxiang, Mr. Yu Gang, Mr. Ren Yong and Mr. Xiang Hu; 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. Liu Wei.