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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)

RESIGNATION OF EXECUTIVE DIRECTOR AND GENERAL MANAGER

The board of directors (the “**Board**”) of Chongqing Machinery & Electric Co., Ltd. (the “**Company**”) hereby announces that the Board received the resignation letter from Mr. Yu Gang (“**Mr. Yu**”) on 4 March 2016. He has resigned from the positions of an executive director, the general manager and a member of the Strategy Committee of the Company because he will work in Chongqing Light Textile Holding (Group) Co., Ltd due to work reallocation. The resignation of Mr. Yu took effect immediately.

Prior to the appointment of the new general manager by the Board, Mr. Wang Yuxiang, the chairman of the Company, will assume the position of the general manager temporarily until the new general manager has been appointed by the Board.

Mr. Yu has confirmed that he has no disagreement with the Board and that there are no matters relating to his resignation that need to be brought to the attention of the shareholders of the Company. The Board would like to express its sincere gratitude to Mr. Yu for his contribution to the Company during his tenure of office.

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

Chongqing, the PRC
4 March 2016

As at the date of the announcement, the executive Directors are Mr. Wang Yuxiang, Mr. Xiang Hu and Mr. Yang Quan; 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.

* *For identification purposes only*