

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. Potential investors should read the prospectus of the Company dated May 30, 2008 (the "Prospectus") for detailed information about the Global Offering described below before deciding whether or not to invest in the H Shares thereby being offered.

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Securities Clearing Company Limited ("HKSCC") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

In connection with the Global Offering, Credit Suisse (Hong Kong) Limited (the "Stabilizing Manager"), or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. The stabilizing action which may be taken by the Stabilizing Manager may include primary and ancillary stabilizing actions such as purchasing or agreeing to purchase any of the H Shares, exercising the Over-allotment Option, stock borrowing, establishing a short position in the H Shares, liquidating long positions in the H Shares or offering or attempting to do any such actions. Any market purchases will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules made under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, may be discontinued at any time. Any such stabilizing activity is required to be brought to an end after a limited period. The number of H Shares being offered in the Global Offering may be increased by up to an aggregate of 150,735,000 additional H Shares, representing 15.0% of the number of H Shares initially available under the Global Offering through the exercise of the Over-allotment Option expected to be granted to the International Underwriters by the Company, exercisable by the Sole Global Coordinator, on behalf of the International Underwriters, to cover over-allocations in the International Offer. The Over-allotment Option is exercisable at any time from the date of the International Purchase Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offer and is expected to expire on July 5, 2008. In the event that such Over-allotment Option is exercised, an announcement will be made. No stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the date expected to be the last date for lodging applications under the Hong Kong Public Offer.

Unless otherwise defined herein, terms in this announcement shall have the same meanings as those defined in the prospectus dated May 30, 2008 (the "Prospectus") issued by the Company.



CQME

Chongqing Machinery & Electric Co., Ltd.*

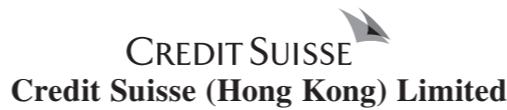
重慶機電股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of H Shares offered pursuant to the Global Offering : 1,004,900,000 (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Public Offer Shares : 100,492,000 (subject to adjustment)
Number of International Offer Shares : 904,408,000 (subject to adjustment and the Over-allotment Option)
Maximum Offer Price : HK\$1.70 per Offer Share payable in full on application subject to refund on final pricing, plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.004%
Nominal Value : RMB 1.00 each
Stock Code : 2722

Sole Global Coordinator, Sole Bookrunner, and Sole Lead Manager and Sole Sponsor



Application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering. Subject to the granting of the listing of, and permission to deal in, the H Shares will be issued pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option), as well as compliance with stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, June 13, 2008, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:30 a.m. on Friday, June 13, 2008. The H Shares will be traded in board lots of 2,000 each. The stock code of the H Shares is 2722.

The Global Offering consists of the Hong Kong Public Offer of 100,492,000 Offer Shares, subject to adjustment, and the International Offer of 904,408,000 Offer Shares (subject to adjustment and the Over-allotment Option) together with any Offer Shares to be issued as a result of any exercise of the Over-allotment Option (which, if exercised in full, amounts to 150,735,000 Offer Shares).

The Offer Price is expected to be fixed by agreement between the Global Coordinator (on behalf of the Underwriters) and the Company on the Price Determination Date. The Price Determination Date is expected to be on or before Friday, June 6, 2008 and, in any event, not later than Tuesday, June 10, 2008. The Offer Price will be not more than HK\$1.70 and is currently expected to be not less than HK\$1.30. Applicants for Hong Kong Public Offer Shares are required to pay, on application, the Maximum Offer Price of HK\$1.70 for each Hong Kong Public Offer Share together with a brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK\$1.70.

In connection with the Global Offering, Credit Suisse (Hong Kong) Limited (the "Stabilizing Manager"), or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. The stabilizing action which may be taken by the Stabilizing Manager may include primary and ancillary stabilizing actions such as purchasing or agreeing to purchase any of the H Shares, exercising the Over-allotment Option, stock borrowing, establishing a short position in the H Shares, liquidating long positions in the H Shares or offering or attempting to do any such actions. Any market purchases will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules made under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, may be discontinued at any time. Any such stabilizing activity is required to be brought to an end after a limited period. The number of H Shares being offered in the Global Offering may be increased by up to an aggregate of 150,735,000 additional H Shares, representing 15.0% of the number of H Shares initially available under the Global Offering, through the exercise of the Over-allotment Option expected to be granted to the International Underwriters by the Company, exercisable by the Sole Global Coordinator, on behalf of the International Underwriters, to cover over-allocations in the International Offer. The Over-allotment Option is exercisable at any time from the date of the International Purchase Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offer. In the event that such Over-allotment Option is exercised, an announcement will be made.

The Sole Global Coordinator, on behalf of the Underwriters, may, with the Company's consent, reduce the number of H Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in the Prospectus (which is HK\$1.30 to HK\$1.70) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, notices of the reduction in the number of H Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. If applications for Hong Kong Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offer, then even if the number of H Shares and/or the indicative Offer Price range is so reduced, such applications cannot be subsequently withdrawn. Further details are set forth in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in the Prospectus.

The total number of Hong Kong Public Offer Shares available under the Hong Kong Public Offer will initially be divided into two pools for allocation purposes: Pool A comprising 50,246,000 Hong Kong Public Offer Shares and Pool B comprising 50,246,000 Hong Kong Public Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Public Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of HK\$5,000,000 or less will fall into Pool A and all valid applications that have been received for Hong Kong Public Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of more than HK\$5,000,000 and up to the value of Pool B, will fall into Pool B. Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Public Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50,246,000 Hong Kong Public Offer Shares will be rejected.

Acceptance of all applications for the Hong Kong Public Offer is subject to the conditions stated in the sub-paragraph headed "Conditions of the Global Offering" in the section headed "Structure of the Global Offering" in the Prospectus. The consummation of both the Hong Kong Public Offer and the International Offer is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms. If the conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be caused to be published by the Company in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set out in the sub-paragraph headed "Refund of Application Monies" in the section headed "How to Apply for Hong Kong Public Offer Shares" in the prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance.

H Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, June 13, 2008 provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the sub-paragraph headed "Grounds for Termination" in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer" in the prospectus has not been exercised.

You may either use a **white** or **yellow** Application Form, apply online through the designated website of the White Form eIPO Service Provider or you may electronically instruct HKSCC to cause HKSCC Nominees to apply for the Hong Kong Public Offer Shares on your behalf. Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **white** or **yellow** Application Form or by giving **electronic application instruction** to HKSCC via CCASS or by submitting any application to the designated White Form eIPO Service Provider through the **White Form eIPO service (www.eipo.com.hk)**;
- both apply (whether individually or jointly) on one **white** Application Form and one **yellow** Application Form or on one **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or submit an application to the designated White Form eIPO Service Provider through **White Form eIPO service (www.eipo.com.hk)**;
- apply on one **white** or **yellow** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or by submitting any application to the designated White Form eIPO Service Provider through **White Form eIPO service (www.eipo.com.hk)** for more than 50% of the Offer Shares initially being offered for public subscription under the Hong Kong Public Offer (that is, 50,246,000 Offer Shares), as more particularly described in the sub-paragraph headed "The Hong Kong Public Offer" in the section headed "Structure of the Global Offering" in the Prospectus; or
- have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) International Offer Shares under the International Offer.

Applicants who wish to be allotted the Hong Kong Public Offer Shares in their own names should complete and sign the **white** Application Forms. Applicants who wish to have the Hong Kong Public Offer Shares allotted and issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to their CCASS Investor Participant stock accounts or the stock accounts of their designated CCASS Participant should (i) complete and sign the **yellow** Application Forms, copies of which, together with the Prospectus, may be obtained during normal business hours from 9:00 a.m. on Friday, May 30, 2008 until 12:00 noon on Wednesday, June 4, 2008 at the Customer Service Centre of HKSCC at 2nd Floor, Viewwood Plaza, 199 Des Voeux Road Central, Hong Kong; or (ii) give **electronic application instructions** to HKSCC via CCASS.

Copies of the Prospectus, together with the **white** Application Forms, may be obtained from:

Credit Suisse (Hong Kong) Limited, 45/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong;

BOCOM International Securities Limited, 9th Floor, Man Yee Building, 68 Des Voeux Road, Central, Hong Kong;

DBS Asia Capital Limited, 22nd Floor, The Center, 99 Queen's Road, Central, Hong Kong;

ICEA Capital Limited, 26th Floor, ICBC Tower, 3 Garden Road, Central, Hong Kong;

CMB International Capital Corporation Limited, Units 1803-4, Bank of America Tower, 12 Harcourt Road, Hong Kong;

Kingsway Financial Services Group Limited, 5th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong;

Piper Jaffray Asia Securities Limited, 39th Floor, Tower 1, Lippo Centre, 89 Queensway, Hong Kong;

Taifook Securities Company Limited, 26th Floor, New World Tower, No. 16-18 Queen's Road, Central, Hong Kong;

or any of the following branches of Industrial and Commercial Bank of China (Asia) Limited or Bank of Communications Co., Ltd. Hong Kong Branch :

Bank of Communications Co., Ltd. Hong Kong Branch :

	Branch Name	Address
Hong Kong Island	Central District Sub-Branch	G/F, Far East Consortium Bldg, 125A Des Voeux Road C., Central
	Hong Kong Branch	20 Pedder Street, Central
	North Point Sub-Branch	442-444 King's Road, North Point
	Hennessy Road Sub-Branch	G/F Bank of Communications Bldg., 368 Hennessy Road
Kowloon	Chaiwan Sub-Branch	G/F 12-12A Wan Tsai Road, Chaiwan
	Wong Tai Sin Sub-Branch	Shops 127-129, 1/F., Lung Cheung Mall, 136 Lung Cheung Road, Wong Tai Sin
	Cheung Sha Wan Plaza Sub-Branch	Unit G04, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road
	Mongkok Sub-Branch	Shops A & B, G/F, Hus Chiao Commercial Centre, 678 Nathan Road
	Hungom Sub-Branch	Flat/Rm A6, G/F, Wing Kwai Bldg., 1-3A Tak Man Street, Whampoa Estate
	Ngau Tau Kok Sub-Branch	Shop G1, G/F., Phase I, Amoy Plaza, 77 Ngau Tau Kok Road
New Territories	Tseung Kwan O Sub-Branch	Shop 253-255, Metro City Shopping Arcade, Phase I, Tseung Kwan O
	Yuen Long Sub-Branch	Shop B, C, D, E, F, G/F, 2-14 Tai Fung Street, Yuen Long
	Market Street Sub-Branch	G/F, 53 Market Street, Tsuen Wan
	Sheung Shui Sub-Branch	Shops 10-14, G/F., Sheung Shui Centre Shopping Arcade
	Ma On Shan Sub-Branch	Shop Nos. 3038A & 3054-56, Level 3, Sunshine City Plaza, Ma On Shan

Industrial and Commercial Bank of China (Asia) Limited

	Branch Name	Address
Hong Kong Island	Central Branch	1/F., 9 Queen's Road Central
	Wan Chai Road Branch	G/F, 103-103A Wan Chai Road
	Causeway Bay Branch	Shop A, G/F, Jardine Centre, 50 Jardine's Bazaar, Causeway Bay
	Hennessy Road Branch	Shop 2A, G/F & Basement, Cameron Commercial Centre, 468 Hennessy Road, Causeway Bay
Kowloon	Mok Cheong Street Branch	12-14 Mok Cheong Street, Tokwawan
	Shamshuipo Branch	G/F, 290 Lai Chi Kok Road, Shamshuipo
	Prince Edward Branch	777 Nathan Road, Mongkok
	Yaumatei Branch	542, 4-14, A, Wan Tsai Road, Yaumatei
	Tsim Sha Tsui Branch	Shop 6-7, G/F., Hankow Centre, 5-15, Hankow Road, Tsimshatsui
	Kwai Chung Branch	Unit G02, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung
New Territories	Kwai Fong Branch	C63A-C66, 2/F, Kwai Chung Plaza, Kwai Fong
	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road, Tsuen Wan

Copies of the Prospectus and the **white** Application Forms will be available for collection at the above places during the following times:

Friday, May 30, 2008	—	9:00 a.m. – 5:00 p.m.
Saturday, May 31, 2008	—	9:00 a.m. – 1:00 p.m.
Monday, June 2, 2008	—	9:00 a.m. – 5:00 p.m.
Tuesday, June 3, 2008	—	9:00 a.m. – 5:00 p.m.
Wednesday, June 4, 2008	—	9:00 a.m. – 12:00 noon

Friday, May 30, 2008	—	9:00 a.m. – 5:00 p.m.
Saturday, May 31, 2008	—	9:00 a.m. – 1:00 p.m.
Monday, June 2, 2008	—	9:00 a.m. – 5:00 p.m.
Tuesday, June 3, 2008	—	9:00 a.m. – 5:00 p.m.
Wednesday, June 4, 2008	—	9:00 a.m. – 12:00 noon

Completed **white** or **yellow** Application Forms, together with payment attached, must be lodged by 12:00 noon on Wednesday, June 4, 2008, or, if the application lists are not open on that day, then by the time and date stated in the sub-paragraph headed "Effect of Bad Weather Conditions on the Opening of the Application Lists" in the section headed "How to apply for Hong Kong Public Offer Shares" in the Prospectus.

Your completed **white** or **yellow** Application Form, together with payment securely attached, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed under the sub-paragraph headed "Where to Collect the Application Forms" in the Prospectus at the following times on the following dates:

Friday, May 30, 2008	—	9:00 a.m. – 5:00 p.m.
Saturday, May 31, 2008	—	9:00 a.m. – 1:00 p.m.
Monday, June 2, 2008	—	9:00 a.m. – 5:00 p.m.
Tuesday, June 3, 2008	—	9:00 a.m. – 5:00 p.m.
Wednesday, June 4, 2008	—	9:00 a.m. – 12:00 noon

Cheque or banker's cashier order should be crossed "Account Payee Only" and made payable to "Bank of Communications (Nominee) Co., Ltd. — CQME Public Offer".

Results of allocations of the Hong Kong Public Offer, and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where appropriate) will be made available through our results of allocations website at www.iporesults.com.hk, the results telephone enquiry line at 2862 8669, and the special allocation results booklets available at all receiving bank branches and sub-branches as described in the section headed "How to apply for Hong Kong Public Offer Shares — Publication of Results" in the Prospectus on Thursday, June 12, 2008.

APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures. Investors can apply for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC as follows:

1. CCASS Investor Participants can give **electronic application instructions** to HKSCC through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, May 30, 2008 until 12:00 noon on Wednesday, June 4, 2008 (24 hours daily), except the last application day. HKSCC can also input **electronic application instructions** for CCASS Investor Participants on their behalf if they go to the Depository Counter of HKSCC at 2nd floor, Viewwood Plaza, 199 Des Voeux Road Central, Hong Kong and complete an input request form. Copies of the Prospectus are also available for collection at the Customer Service Centre of HKSCC; and
2. those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Clearing Participants or CCASS Custodian Participants to give **electronic application instructions** to HKSCC via CCASS terminals to apply for Hong Kong Public Offer Shares on their behalf. CCASS Clearing Participants or CCASS Custodian Participants should input **electronic application instructions** at the following times on the following dates:

Friday, May 30, 2008	—	9:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, May 31, 2008	—	8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, June 2, 2008	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, June 3, 2008	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, June 4, 2008	—	8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions**. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **white** or **yellow** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, June 4, 2008, or such later time as described under the sub-paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in the section headed "How to Apply for Hong Kong Public Offer Shares" in the Prospectus.

Subject to the terms and conditions set out in the Prospectus and the **white** and **yellow** Application Forms, applications must be received no later than 12:00 noon on Wednesday, June 4, 2008 (or if the application lists are not open on that day, then by the time and date stated in the sub-paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in the section headed "How to apply for Hong Kong Public Offer Shares" in the Prospectus).

It is expected that the Offer Price, the level of indication of interest in the Global Offering, the results of applications in the Hong Kong Public Offer and the basis of allotment of the Hong Kong Public Offer Shares will be published on Thursday, June 12, 2008 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese). No receipt will be issued for application monies received.

APPLICATIONS BY MEANS OF WHITE FORM eIPO SERVICE

Applicants applying by **White Form eIPO** may submit applications to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Friday, May 30, 2008 until 11:30 a.m. on Wednesday, June 4, 2008 (or such later time as described under the sub-paragraph headed "Effect of Bad Weather on the Opening of the Applications Lists" in the section headed "How to apply for Hong Kong Public Offer Shares" in the Prospectus) (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, June 4, 2008, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the sub-paragraph headed "Effect of Bad Weather on the Opening of the Application Lists" in the section headed "How to apply for Hong Kong Public Offer Shares" in the Prospectus. Applicants will not be permitted to submit applications to the White Form eIPO Service Provider after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

If you do not receive any Hong Kong Public Offer Shares for any reason, the Company will refund your application monies, including brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, without interest. If no interest will be paid thereon. If your application is accepted only in part, the Company will refund to you the appropriate portion of your application monies (including the related brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%) without interest. All interest accrued on such monies prior to the date of refund will be retained for the Company's benefit.

Refund of your application monies (if any) will be made on Thursday, June 12, 2008 in accordance with the various arrangements as described in the Prospectus. All refunds will be made by a cheque crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first-named applicant. Part of your Hong Kong identity card number or passport number, or if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number or passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate your refund cheque. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate. If you apply for 1,000,000 Hong Kong Public Offer Shares or more and have indicated your intention to apply for designated CCASS Participant (other than a CCASS Investor Participant) on a **yellow** Application Form for Hong Kong Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allocated to you and the amount of refund money payable to you if you have instructed a CCASS Clearing/Custodian Participant to give electronic instructions on your behalf with that CCASS Participant. If you are applying as a CCASS Investor Participant, the Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the newspapers on Thursday, June 12, 2008. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 12, 2008 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your stock account and (if you are applying by giving **electronic application instructions** to HKSCC) the amount of refund money (if any) credited to your designated bank account.

As at the date of this announcement, the executive directors of the Company are Mr. Sun Nengyi, Mr. He Yong, Mr. Liao Shaohua, and Mr. Chen Xianzheng; the non-executive directors of the Company are Mr. Huang Yong, Mr. Yu Gang, Mr. Yang Jingpu, and Mr. Wu Jian; and the independent non-executive directors of the Company are Mr. Lo Wah Wai, Mr. Ren Xiaochang, and Mr. Kong Weiliang.

By order of the Board
Chongqing Machinery & Electric Co., Ltd.
Sun Nengyi
Chairman and Executive Director

Hong Kong, May 30, 2008

This announcement is not an offer of securities for sale in the United States. Securities of the Company may not be offered or sold in the United States absent registration or an exemption from registration. Any offering of securities to be made in the United States will be made by means of an offering circular that will contain detailed information about the Company and management, as well as financial statements.

* For identification purposes only