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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)

(Stock Code: 2722)

STABILIZING ACTIONS AND END OF STABILIZING PERIOD

SUMMARY

- The Company announces that the stabilizing period in connection with the Global Offering ended on July 4, 2008.
- The stabilizing actions undertaken during the stabilizing period were the purchase of 67,066,000 H Shares (representing approximately 6.67% of the H Shares offered pursuant to the Global Offering without exercising the Over-allotment Option) in the price range of HK\$0.99 to HK\$1.08 on the market for the purpose of stabilizing the price of the H Shares, and the subsequent sale of the same number of H Shares on the market.
- Credit Suisse has not exercised the Over-allotment Option during the stabilizing period and the Over-allotment Option lapsed on July 4, 2008.

The Company makes this announcement pursuant to Section 9(2) of the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) and announces that the stabilizing period in connection with the Global Offering ended on July 4, 2008.

The stabilizing actions undertaken during the stabilizing period were the purchase of 67,066,000 H Shares (representing approximately 6.67% of the H Shares offered pursuant to the Global Offering without exercising the Over-allotment Option) in the price range of HK\$0.99 to HK\$1.08 on the market for the purpose of stabilizing the price of the H Shares, and the subsequent sale of the same number of H Shares on the market.

The last purchase made in the course of the stabilizing action was on June 18, 2008 at the price of HK\$0.99.

Credit Suisse has not exercised the Over-allotment Option during the stabilizing period and the Over-allotment Option lapsed on July 4, 2008.

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

Chongqing, the PRC, July 4, 2008

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

* For identification purposes only