



# 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)

### PROXY FORM FOR THE ANNUAL GENERAL MEETING (OR AT ANY ADJOURNMENT THEREOF) TO BE HELD ON THURSDAY, 25 JUNE 2009

I/We, \_\_\_\_\_  
of \_\_\_\_\_ <sup>(Note 1)</sup> being the registered  
holder of \_\_\_\_\_ Domestic Shares/H Shares<sup>(Note 2)</sup> in Chongqing Machinery & Electric Co., Ltd.\* (the "Company"), **HEREBY**  
**APPOINT**<sup>(Note 3)</sup> the Chairman of the annual general meeting or \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ as my/our proxy to attend and act for me/us at the annual general meeting of the Company to be held  
at Empark Grand Hotel Chongqing at No. 1, 2nd Branch Jianxin North Road, Jiangbei District, Chongqing, the People's Republic of China on Thursday,  
25 June 2009 at 9:30 a.m. and at any adjournment thereof and to vote on my/our behalf as directed below.

ORDINARY RESOLUTIONS <sup>(Note 4)</sup>		FOR <sup>(Note 5)</sup>	AGAINST <sup>(Note 5)</sup>
1.	To consider and approve the report of the board of directors of the Company (the "Board of Directors") for the year ended 31 December 2008;		
2.	To consider and approve the report of the Supervisory Committee of the Company for the year ended 31 December 2008;		
3.	To consider and approve the audited consolidated financial statements of the Company and its subsidiaries and the Auditors Report for the year ended 31 December 2008;		
4.	To consider and approve the re-appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company as the PRC auditors and PricewaterhouseCoopers as the international auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorize the Board of Directors to fix their remuneration;		
5.	To consider and approve the profit appropriation proposal of the Company for the year ended 31 December 2008;		
6.	To consider and approve the rules of procedures of general meetings;		
7.	To consider and approve the renewal of a guarantee by the Company for a loan of RMB37 million of Chongqing Pigeon Electric Wires & Cables Co., Ltd. (重慶鴿牌電線電纜有限公司);		
8.	To consider and approve the renewal of a guarantee by the Company for a loan of RMB30 million of Chongqing CAFF Automotive Braking & Steering System Co., Ltd. (重慶卡福汽車制動轉向系統有限公司);		
9.	To consider and approve adjustment to projects and investment amount of IPO Proceeds;		
<b>SPECIAL RESOLUTIONS</b> <sup>(Note 4)</sup>			
10.	To consider and, if thought fit, pass the following resolutions, as a special resolutions, for the amendments to the articles of association of the Company (the "Articles"):		
	<b>"THAT</b>		
	(a) Existing Article 48 of the Articles be deleted in entirety and replaced by the following:  Any person who is a registered shareholder or who requests his name be entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").  Application by a holder of Domestic Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with Article 144 of the Company Law.		

SPECIAL RESOLUTIONS <sup>(Note 4)</sup>	FOR <sup>(Note 5)</sup>	AGAINST <sup>(Note 5)</sup>
<p>Application by a holder of Overseas-Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of holders of Overseas-Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.</p> <p>Applications for re-issue of share certificates of H shareholders shall satisfy the following requirements:</p> <ol style="list-style-type: none"> <li>(1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.</li> <li>(2) The Company confirms that it has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.</li> <li>(3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty days within a period of ninety days in such newspapers as may be prescribed by the board of directors.</li> <li>(4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be displayed in the premises of the stock exchange for a period of ninety days.</li> </ol> <p>In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail or email to such registered shareholder a copy of the notice to be published.</p> <ol style="list-style-type: none"> <li>(5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not received any objections from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.</li> <li>(6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.</li> <li>(7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant for such expenses.</li> </ol>		
<p>(b) Existing Article 66 of the Articles be deleted in entirety and replaced by the following:</p> <p>Notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meetings) by personal delivery or email or postage paid mail to the address as shown in the register of shareholders. For the holders of Domestic Shares, notice of the meetings may also be issued by way of public announcement.</p> <p>The public announcement referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the securities authority of the State Council within the interval of forty-five days to fifty days before the date of the meeting; after the publication of such announcement, the holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting. The public announcement shall be published in one Chinese newspaper and one English newspaper circulated in Hong Kong on the same day.</p>		

<b>SPECIAL RESOLUTIONS</b> <sup>(Note 4)</sup>	<b>FOR</b> <sup>(Note 5)</sup>	<b>AGAINST</b> <sup>(Note 5)</sup>
<p>(c) Existing Article 156 of the Articles be deleted in entirety and replaced by the following:</p> <p>The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.</p> <p>The Company shall deliver or send to each H shareholder copy of the report of the board of directors together with the balance sheet (including such documents as shall be attached thereto according to laws and regulations of the People's Republic of China) and profit and loss or income statement (including the financial report) not later than twenty-one days before the date of every annual general meeting by email or postage paid mail to the address as shown in the register of shareholders.</p>		
<p>(d) Existing Article 178 of the Articles be deleted in entirety and replaced by the following:</p> <p>The Company should give thirty days prior notice to the accountant firm if the Company decides to remove such accountant firm or not to renew the appointment thereof. Such accountant firm shall be entitled to make representations at the shareholders' general meeting. Where the accountant firm resigns from its position as the Company's auditor, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.</p> <p>An accountant firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:</p> <p>(1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or</p> <p>(2) a statement of any such circumstances.</p> <p>Where a notice is deposited under the preceding sub-paragraph, the Company shall within fourteen days send a copy of the notice to the relevant governing authority. If the notice contains a statement under the preceding sub-paragraph (2), a copy of such statement shall be placed at the Company for shareholders' inspection. The Company should also send a copy of such statement by email or postage paid mail to every shareholder of Overseas-Listed Foreign Shares at the address registered in the register of shareholders.</p> <p>Where the notice of resignation of the accountant firm contains a statement in respect of the above, the accountant firm may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.</p>		
<p>(e) Existing Article 179 of the Articles be deleted in entirety and replaced by the following:</p> <p>In the event of the merger or division of the Company, a plan shall be presented by the Company's board of directors and shall be approved in accordance with the procedures stipulated in the Company's Articles of Association. The Company shall then go through the relevant approval process. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire his shareholding at a fair price. The contents of the resolution of merger or division of the Company shall constitute a specific documents which shall be available for inspection by the shareholders of the Company.</p> <p>Such specific documents shall be sent by email or postage paid mail to holders of the H shares. The recipient's address should be based on the information contained in the register of shareholders.</p>		

<b>SPECIAL RESOLUTIONS</b> <sup>(Note 4)</sup>		<b>FOR</b> <sup>(Note 5)</sup>	<b>AGAINST</b> <sup>(Note 5)</sup>
(f)	<p>Existing Article 195 of the Articles be deleted in entirety and replaced by the following:</p> <p>Unless otherwise required by these Articles, notices, information or written statements issued by the Company to the holders of Overseas-Listed Foreign Shares can be issued by way of announcement published on newspaper. In addition, the Company shall deliver the notices, information or written statements to the registered address of each holder of Overseas-Listed Foreign Shares by personal delivery, or postage paid mail or email, so that the shareholders would have enough time to exercise his right or act in accordance with the notice.</p> <p>As to the notices to be issued by the Company to the holder of Domestic Shares, the Company may publish an announcement on any newspaper in the PRC as stipulated under the laws and administrative regulations or designated by the securities authority of the State Council; once the announcement is published, the holder of Domestic Shares shall be deemed to receive the relevant notice.</p>		
(g)	<p>Existing Article 196 of the Articles be deleted in entirety and replaced by the following:</p> <p>Notices, documents, information or written statements served by way of post, shareholders or directors shall demonstrate the relevant notices, documents, information or written statements have been sent. Shareholders shall be deemed to have received the notice, documents, information or written statements 5 days after the despatch of the same. With respect to the same served by fax or email, or published on websites, written record shall be provided.”</p>		
11.	<p>To give a general mandate to the Board of Directors to issue, allot and deal with additional shares not exceeding 20% of the shares of the Company in issue and authorize the Board of Directors to make corresponding amendments to the Articles of Association as it thinks fit so as to reflect the new capital structure upon the allotment or issuance of shares.</p>		

Dated this \_\_\_\_\_ date of \_\_\_\_\_ 2009

Signature(s) <sup>(Note 6)</sup> \_\_\_\_\_

*Notes:*

1. Full name(s) (in Chinese and English) and address(es) (as shown in the register of members) are to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of shares in the Company registered in your name(s) to which this Form of Proxy relates. If no number is inserted, this Form of Proxy will be deemed to relate to all shares in the capital of the Company registered in your name(s). Please also strike out the type of shares (Domestic Shares/H Shares) to which the proxy does not relate.
3. Please insert the name and address of the proxy desired. **IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS YOUR PROXY.**
4. The full text of these resolutions is set out in the notice of the Meeting which is sent to the shareholders of the Company together with this form of proxy.
5. If you wish to vote for any of the resolutions set out above, please tick (“✓”) in the boxes marked “FOR”. If you wish to vote against any of the resolutions, please tick (“”) in the boxes marked “AGAINST”. If this form of proxy returned is duly signed but without specific direction on any of the proposed resolutions, the proxy will vote or abstain at his discretion in respect of all resolutions; or if in respect of a particular proposed resolution there is no specific direction, the proxy will, in relation to that particular proposed resolution, vote or abstain at his discretion. A proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those set out in the notice of the annual general meeting.
6. This form of proxy must be signed by a shareholder, or his attorney duly authorized in writing, or if the shareholder is a corporation, either under its common seal or under the hand of an officer or attorney so authorized. All powers of attorney referred to in this note must be notarially certified.
7. In the case of a joint holding, this form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holder whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
8. As regards to the holders of H Shares and in order to be valid, this form of proxy, together with any power of attorney or other authority (if any), under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the annual general meeting or any adjournment thereof.
9. As regards to the holders of Domestic Shares and in order to be valid, this form of proxy, together with any power of attorney or other authority (if any), under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Company’s registered office at No. 155 Zhong Shan Third Road, Yuzhong District, Chongqing City, the PRC not less than 24 hours before the time appointed for holding the annual general meeting or any adjournment thereof.
10. A proxy attending the annual general meeting on behalf of a shareholder must present this form of proxy, duly completed and signed, and the proxy’s proof of identity.
11. This form of proxy is in duplicate. One of which should be lodged in accordance with the instruction under note 8 or note 9 and the other shall be presented at the annual general meeting in accordance with the instruction under note 10.
12. Any alteration made to this form of proxy should be initialed by the person who signs the form of proxy.
13. Unless the context requires otherwise, terms defined in the notice of the annual general meeting shall bear the same meanings when used in this form of proxy.

\* For identification purposes only