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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)

CLARIFICATION ANNOUNCEMENT

The board (the “Board”) of directors (the “Directors”) of Chongqing Machinery & Electric Co., Ltd.* (the “Company”) refers to the Annual Report for the year ended 31 December 2008 of the Company dated 28 April 2009 (the “Annual Report”), it would like to clarify the following information as contained in the Annual Report:

Under the section of ‘Directors’ Report-Interests of Substantial Shareholders and Other Parties in Shares and Underlying Shares’ (i.e. page 47 and 48 of the Annual Report) shall be deleted in its entirety and replaced by the following:

“Long position in H shares of RMB1.00 each of the Company

Name of Shareholders	Class of shares	Number of shares	Capacity	<i>Note</i>	Percentage of number of H Shares (%)	Percentage of number of Shares in Issue (%)
Chongqing International (Holding) Ltd. for Economic & Tech. Cooperation	H shares	180,000,000	Beneficial Owner	(1) and (3)	16.36 (L)	4.89
Fortis Investment Management SA	H shares	99,442,000	Investment manager	(4)	9.04 (L)	2.70
National Council for Social Security Fund	H shares	95,287,470	Beneficial owner		8.66 (L)	2.59
The Bank of New York Mellon (formerly known as “The Bank of New York”)	H shares	87,276,000	Custodian	(5)	7.93 (L)	2.37
The Bank of New York Mellon Corporation	H shares	87,276,000	Interest in controlled corporations	(5)	7.93 (L) 7.93 (P)	2.37 2.37

(L): Long Position

(P): Lending Pool

Notes:

1. Chongqing Machinery and Electronic Holding (Group) Co., Ltd., Chongqing Yufu Assets Management Co., Ltd, Chongqing Jiangong Group Co., Ltd. and Chongqing International (Holding) Ltd. for Econo & Tech. Cooperation were wholly owned by State-Owned Assets Supervision and Administration Commission of Chongqing Municipal Government and their interests in 1,924,225,189 shares, 232,132,514 shares, 232,132,514 shares and 180,000,000 shares respectively were deemed to be the interests of State-Owned Assets Supervision and Administration Commission of Chongqing Municipal Government.
2. China Huarong Asset Management Co., Ltd was wholly owned by the People's Republic of China Ministry of Finance and the interest in 195,962,467 shares was deemed to be interests of the People's Republic of China of Finance.
3. Chongqing International (Holding) Ltd. for Econo & Tech. Cooperation was interested in 180,000,000 of H shares of the Company by virtue of its 100% shareholding in 中國重慶國際經濟技術合作公司 and 重慶對外建設總公司. 中國重慶國際經濟技術合作公司 and 重慶對外建設總公司 hold 97.56% and 2.44% equity interests in 香港重慶國際有限公司 respectively. 香港重慶國際有限公司 in turn holds a direct interest of 180,000,000 H shares in the Company.
4. Fortis Investment Management SA was interested in 99,442,000 of H shares of the Company by virtue of its control over the following corporations which held direct interests in the Company:

Name of controlled corporation	Percentage of ownership in controlled corporation (%)	Number of Shares
ABN AMRO Asset Management (Asia) Limited	100	90,066,000
ABN AMRO Asset Management (India) Limited	100	776,000
Fortis Investment Management Japan Limited	100	8,600,000

5. The Bank of New York Mellon Corporation holds 100% interest in The Bank of New York Mellon (formerly known as "The Bank of New York"), which is holding 87,276,000 of H shares of the Company. The interest in 87,276,000 H shares relates to the same block of shares in the Company and includes a lending pool of 87,276,000 of H shares of the Company.

Save as disclosed above, the directors are not aware of any persons holding any interests or short positions in the shares or underlying shares of the Company which were require to be recorded in the register pursuant to section 336 of the SFO as at 31 December 2008."

Save as disclosed in the above, the Company confirms that all the information and figures as contained in the Annual Report are correct in all material aspects. The aforesaid errors were inadvertently made and the Company failed to detect the same during the process of proof-reading of the Annual Report. The Company apologizes for any inconvenience caused by the aforesaid errors.

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

Chongqing, the PRC
29 April 2009

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*