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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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of Chongqing Machinery & Electric Co., Ltd.* (the “Company”) will be held at Empark Grand Hotel, Chongqing, at No. 1, 2nd Branch Jian Xin North Road, Jiang Bei District, Chongqing, the People’s Republic of China (the “PRC”) on Thursday, 25 June 2009 at 12:00 noon (or at any adjournment thereof) for the following purposes:

ORDINARY RESOLUTIONS

1. **THAT** the transactions amount which exceeds the annual cap for the financial year ended 31 December 2008 under the Master Supplies Agreement be ratified and approved;
2. **THAT:**
 - (a) the annual proposed caps of being the aggregate purchase price payable by the Parent Company and its associates to the Company and its associates (the “Group”) under the Master Sales Agreement for the financial year ended 31 December 2009 be revised from RMB68,000,000 to RMB130,000,000;

* *For identification purposes only*

- (b) the annual proposed caps of being the aggregate purchase price payable by the Parent Company and its associates to the Group under the Master Sales Agreement for the financial year ended 31 December 2010 be revised from RMB75,000,000 to RMB160,000,000;
- (c) the annual proposed caps of being the aggregate purchase price payable by the Group to the Parent Company and its associates under the Master Supplies Agreement for the financial year ended 31 December 2009 be revised from RMB35,000,000 to RMB120,000,000;
- (d) the annual proposed caps of being the aggregate purchase price payable by the Group to the Parent Company and its associates under the Master Supplies Agreement for the financial year ended 31 December 2010 be revised from RMB35,000,000 to RMB140,000,000;
- (e) the Supplemental Agreements, a copy of each Supplemental Agreement has been produced at the meeting marked “A” and initiated by the chairman of the meeting for identification purpose, as more particularly described in the circular to the shareholder of the Company dated 6 May 2009 of which this notice forms part and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (f) the directors of the Company be and are hereby authorised to do all such things and take all such actions for and on behalf of the Company as they consider necessary, desirable or expedient in connection with the revision as set out in paragraphs (a) to (d) of this resolution.

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

6 May 2009, Chongqing, the PRC

Notes:

1. A member of the Company (“Member”) entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a Member. A form of proxy for use at the Meeting is enclosed herewith. In the case of the joint holders of any Share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such Share at the Meeting, and this notice shall be deemed to be given to all joint holders of such Share.
2. To be valid, the 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 that power of attorney 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, and in case of holders of domestic shares, to the Company’s mailing address at No. 155 Zhongshan Third Road, Yuzhong District, Chongqing City, the PRC, not later than 24 hours before the time appointed for holding the Meeting or the time appointed for passing the resolutions or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The register of Members in Hong Kong will be closed from 26 May 2009 to 25 June 2009, both days inclusive, during which period no transfer of H shares of the Company will be effected. For the identification of Members who are qualified to attend and vote at the Meeting, all transfer documents accompanied by the relevant share certificates must be lodged 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 later than 4:30 p.m. on 25 May 2009.
4. Whether or not the holders of H shares of the Company who intend to attend the Meeting shall complete the enclosed reply slip for the Meeting and return it, by hand or by post, to 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, or by fax on or before 5 June 2009.
5. Whether or not the holders of domestic shares of the Company who intend to attend to the Meeting shall complete the enclosed reply slip for the Meeting and return it, by hand or by post, to the Company’s mailing address at No. 155 Zhongshan Third Road, Yuzhong District, Chongqing City, the PRC, or by fax on or before 5 June 2009.

As at the date of this notice, 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.