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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)

**ANNOUNCEMENT OF THE RESOLUTIONS PASSED AT THE  
ANNUAL GENERAL MEETING**

The Annual General Meeting (the “AGM”) of Chongqing Machinery & Electric Co., Ltd.\* (the “Company”) was held at Empark Grand Hotel Chongqing at No. 1, 2nd Branch Jianxin North Road, Jiangbei District, Chongqing, the People’s Republic of China (the “PRC”) on Thursday, 25 June 2009 at 9:30 a.m..

As at the date of the AGM, the registered and issued share capital of the Company is RMB3,684,640,154 of RMB1.00 each, which is divided into 2,584,452,684 domestic shares and 1,100,187,470 H shares, being the total number of shares of the Company entitling the holder to attend and vote for or against the proposed resolutions in the AGM including shares represented by proxies. No Shareholder was required to abstain from voting on any of the resolutions at the AGM. There was no Shareholder who was entitled to attend the AGM but was only entitled to vote against any of the resolutions at the AGM.

The board (“Board”) of directors (“Directors”) of the Company is pleased to announce that all the resolutions set out in the AGM Notice were duly passed. The voting of all the resolutions set out in the AGM Notice was taken by poll.

The Company’s H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, was appointed as the scrutineer for the voting taking at the AGM.

The poll results are as follows:

<b>ORDINARY RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
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;	2,715,441,457 (100%)	0 (0%)
2.	To consider and approve the report of the Supervisory Committee of the Company for the year ended 31 December 2008;	2,715,441,457 (100%)	0 (0%)
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;	2,715,441,457 (100%)	0 (0%)
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;	2,715,441,457 (100%)	0 (0%)
5.	To consider and approve the profit appropriation proposal of the Company for the year ended 31 December 2008;	2,715,441,457 (100%)	0 (0%)
6.	To consider and approve the rules of procedures of general meetings;	2,715,441,457 (100%)	0 (0%)

<b>ORDINARY RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
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);	2,623,308,275 (96.61%)	92,133,182 (3.39%)
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);	2,715,441,457 (100%)	0 (0%)
9.	To consider and approve adjustment to projects and investment amount of IPO Proceeds;	2,715,441,457 (100%)	0 (0%)
As more than 50% of the votes were cast in favour of the above resolutions, the resolutions were duly passed as ordinary resolution.			

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
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>		
	<p>(a) Existing Article 48 of the Articles be deleted in entirety and replaced by the following:</p> <p>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”).</p> <p>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.</p> <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>	<p>2,715,441,457 (100%)</p>	<p>0 (0%)</p>

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
	<p>(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.</p> <p>(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.</p> <p>(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.</p>		

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
	<p>(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.</p> <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> <p>(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.</p>		

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
	<p>(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.</p> <p>(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.</p>		
	<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>2,715,439,457 (99.999926%)</p>	<p>2,000 (0.000074%)</p>

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
	<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>		
(c)	<p>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>2,715,441,457 (100%)</p>	<p>0 (0%)</p>



<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
<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>2,715,441,457 (100%)</p>	<p>0 (0%)</p>	

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
	<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>		

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
	<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>	<p>2,715,441,457 (100%)</p>	<p>0 (0%)</p>

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
	<p>(f) 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>	<p>2,715,439,457 (99.999926%)</p>	<p>2,000 (0.000074%)</p>

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
(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>	<p>2,715,439,457 (99.999926%)</p>	<p>2,000 (0.000074%)</p>

<b>SPECIAL RESOLUTIONS</b>		<b>Number of H Shares and Domestic Shares represented by votes casted and percentage of total number of H Shares and Domestic Shares represented by votes casted</b>	
		<b>FOR</b>	<b>AGAINST</b>
11.	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 as it thinks fit so as to reflect the new capital structure upon the allotment or issuance of shares.”	2,620,330,684 (96.50%)	95,110,773 (3.50%)
As more than two-thirds of the votes were cast in favour of the above resolutions, the resolutions were duly passed as special resolutions.			

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

Chongqing, the PRC  
25 June 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*