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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)

Change of Executive Director and General Manager

The board of directors (the “**Board**”) of Chongqing Machinery & Electric Co., Ltd. (the “**Company**”) hereby announces that Mr. He Yong (“**Mr. He**”) has tendered his resignation as the executive director (the “**Executive Director**”) and general manager (the “**General Manager**”) of the Company due to work arrangement. The resignation of Mr. He as the Executive Director will take effect upon the election of Executive Director of the Company in due course. The resignation of Mr. He as the General Manager took effect on 25 October 2010.

Mr. He has confirmed that his resignation is due to work arrangement and he has no agreement with the Board and that he is not aware of any matters relating to his resignation as the Executive Director and the General Manager that need to be brought to the attention of the shareholders of the Company.

Save as disclosed above, there is no other information required to be disclosed by Mr. He pursuant to the requirements of Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

The Board takes this opportunity to express its appreciation to Mr. He for his contributions to the Company during his tenure.

The Board further announces that with effect from 25 October 2010, Mr. Yu Gang, a non-executive director of the Company, has been concurrently appointed as the General Manager of the Company for the second session in place of Mr. He who has resigned as the General Manager of the Company.

Mr. Yu Gang, aged 46, joined the Group in July 2007. Since July 2007, he has been a non-executive Director of the Company. Mr. Yu has been a director and the managing vice president of the parent group of the Company since 2003. Mr. Yu has over 20 years of experience in the government service and the management of large enterprises. Prior to joining the Company, Mr. Yu was the deputy mayor of Jiangjin Municipal Government from 2001 to 2003 in charge of industrial development of the municipality, the assistant to the mayor of Jiangjin Municipal Government and the section chief of Economic Committee and the minister of the Industry and Transportation Department from 1997 to 2001 in charge of the industrial and economic development of the municipality. Between 1989 and 1997, he was an officer in the Chongqing Municipality Industrial Transportation Department in charge of human resources management, and an officer in the Chongqing Machinery School from 1984 to 1989. Mr. Yu is a senior engineer who graduated from Chongqing Machinery Manufacturing School with a professional degree in machinery engineering in 1984 and from Chongqing Party School in 1997. He also graduated from Southwest Normal School with a master's degree in business management in 2002. He is currently attending an EMBA course in business administration in Xiamen University.

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Xie Hua Jun
Chairman Executive Director

Chongqing, the PRC
26 October 2010

As at the date of this announcement, the executive Directors are Mr. Xie Hua Jun, 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. Liu Liangcai; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang and Mr. Kong Weiliang.

* *for identification purposes only*