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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 “EGM”) of Chongqing Machinery & Electric Co., Ltd.\* (the “Company”) will be held at Grand Metropark Hotel Chongqing, at No. 1598, Jinkai Road, North New Zone, Yubei District, Chongqing, the PRC on Thursday, 30 December 2010 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolutions:

**ORDINARY RESOLUTIONS:**

1. To approve the resignation of executive Director Mr. He Yong;
2. To approve the appointment of Mr. Yu Gang as executive Director and his remuneration to be implemented according to the remuneration standards approved at the 2009 annual general meeting;
3. To approve the appointment of Mr. Wang Jiyu as non-executive Director and his remuneration to be implemented according to the remuneration standards approved at the 2009 annual general meeting; and

## **SPECIAL RESOLUTION:**

4. The proposal by the board of directors of the Company (the “**Board**”) to amend the Articles of the Company in the manner as set out in the circular of the Company dated 15 November 2010 to the Shareholders of the Company be and is hereby approved, and the Board be and is hereby authorised to do all such things as necessary in respect of the amendments to the Articles pursuant to the requirements (if any) under domestic or overseas laws and under the rules of any stock exchange on which securities of the Company are listed.

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

15 November 2010

*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. Where two or more persons are registered as 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 17M Floor, 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, no later than 24 hours before the time appointed for holding the meeting or any adjournment thereof or the time appointed for passing the resolutions. 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 will be closed from 30 November 2010 to 30 December 2010, both days inclusive, during which period no transfer of H Shares of the Company will be effected. In order to determine the list 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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 29 November 2010.

4. Members entitled to attend the meeting shall return the reply slip for attending the meeting, 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 Friday, 10 December 2010.

*As at the date of this notice, 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*