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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)

**PROPOSED AMENDMENT TO ARTICLES
AND
APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

PROPOSED AMENDMENT TO ARTICLES

On 17 September 2010, the Board received a notification from Chongqing Jiangong Group Co., Ltd., the Shareholder, stating that its name had been changed to “Chongqing Construction Engineering Group Co., Ltd. (重慶建工集團股份有限公司)”. Thus, the Company proposed to amend the Articles to change “Chongqing Jiangong Group Co., Ltd.” as “Chongqing Construction Engineering Group Co., Ltd. (重慶建工集團股份有限公司)” in the Articles. The proposed amendments to the Articles are subject to the approval of the Shareholders by way of special resolution at the EGM. Details of the proposed amendments are set out in the Circular dispatched to the Shareholders on 15 November 2010.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Reference is made to the Circular. Mr. Yu Gang would be resigned as non-executive director of the Company subject to the approval of the Shareholders at EGM. Mr. Wang Jiyu is proposed to be appointed as non-executive director of the Company in replacement subject to approval by the Shareholders at the EGM.

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APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Reference is made to the Circular. Mr. Yu Gang (“**Mr. Yu**”) is the newly nominated candidate for election as executive Director of the Board. As provided in the Articles, the appointment of Mr. Yu will only become effective after his appointment being approved at the general meeting and his term of office shall commence from the date of the approval at the general meeting until the expiry of the term of this session of the Board of the Company. Mr. Yu is currently a non-executive Director the Company. Mr. Yu will cease to hold his position as non-executive Director upon his being appointed as Executive Director at the EGM.

Mr. Wang Jiyu is the newly nominated candidate for election as non-executive Director of the Company. His appointment is subject to approval by the Shareholders at the EGM.

Mr. Wang Jiyu (“**Mr. Wang**”), aged 53, joined the Parent Group in December 1980. He has been the vice president of the Parent Group and a member of the Party Committee since October 2001 in charge of economic operation, safety and environmental protection, personnel and labour as well as comprehensive statistics. He has been serving as a director and vice chairman of Chongqing Lifan Automobile Co., Ltd. since May 2004 and a director and vice chairman of Chongqing Electric Machine Federation Ltd. since November 2007 and June 2010 respectively. Mr. Wang has over 20 years of experience in business management. He was an assistant to president and head of the economic operation department at the Parent Group from 2000 to October 2001, in charge of economic operation, safety and hygiene, labour and salaries as well as comprehensive statistics. From November 1984 to August 2000, he served at Chongqing Municipal Machinery Industry Bureau as secretary of the organization and personnel division, deputy secretary of the communist youth league, deputy director of the enterprise management division and deputy director of the general production division (in charge of operation) in tandem. Mr. Wang was a teacher at the Technical School of Chongqing Mining Machine Factory (重慶礦山機器廠技校) from December 1980 to October 1982 and the deputy secretary of the Work Committee of Communist Youth League of Chongqing Engineering & Mining Machinery Industry Company (重慶工程礦山機械工業公司) from October 1982 to November 1984. Mr. Wang is a senior economist who graduated from the Correspondence Institute of the Party School of C.C. of C.P.C. with a diploma in economic management in June 1988. Save as disclosed above, Mr. Wang did not hold any directorship in other listed public companies or any other position in the Company or other members of the Group in the last three years.

As at the date of this announcement, Mr. Wang did not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed in this announcement, Mr. Wang does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Mr. Wang has not entered into any service contract with the Company or its subsidiaries in respect of his appointment as non-executive Director. The proposed annual salary of Mr. Wang in his term of office shall be subject to the remuneration standard of the Company as approved at the 2009 annual general meeting.

Save as disclosed above, there is no other matter in relation to Mr. Wang that needs to be brought to the attention of the Shareholders of the Company and there is no information that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Articles”	means	the articles of association of the Company
“Board”	means	the board of directors of the Company
“Circular”	means	the circular issued by the Company dated 15 November 2010 which provides details of the proposals to be considered at the EGM: (i) resignation of executive Director Mr. He Yong, (ii) appointment of Mr. Yu Gang as executive Director, (iii) appointment of Mr. Wang Jiyu as non-executive Director and (iv) proposed amendments to the Articles;
“Company”	means	Chongqing Machinery & Electric Co., Ltd.
“Director(s)”	means	the director(s) of the Company
“Domestic Share(s)”	means	ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company which are subscribed for or credited as paid up in RMB
“EGM”	means	extraordinary general meeting of the Company to be held at Grand Metropark Hotel Chongqing, No. 1598 Jinkai Road, North New Zone, Yubei District, Chongqing, the PRC on Thursday, 30 December 2010 at 9:30 a.m
“Group”	means	the Company and its associates

“H Shares”	means	overseas-listed foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	means	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Parent Company”	means	Chongqing Machinery and Electronic Holding (Group) Co., Ltd. (重慶機電控股(集團)公司) a limited liability company established in the PRC on 25 August 2000 and owned by the Chongqing State-owned Assets Supervision and Administration Commission, being one of the promoters of the Company
“Parent Group”	means	Parent Company or its associates, excluding the Group
“RMB”	means	Renminbi, the lawful currency of the PRC

“Shares”	means	the Domestic Shares and/or the H Shares
“Shareholders”	means	holder(s) of the Shares
“Stock Exchange”	means	The Stock Exchange of Hong Kong Limited

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

17 November 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*