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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

The announcement is made pursuant to Rule 13.09(1) of the Listing Rules. Reference is made to the Company's announcement dated 10 March 2010 (the "**Announcement**") regarding the acquisition of the entire shares capital of the Acquired Companies by the Company. Capitalized terms used herein shall have the same meanings as defined in the Announcement unless otherwise defined herein.

The Board is pleased to announce that following the fulfillment of all conditions precedent to the Agreement, completion of the acquisition of the Acquired Companies took place on 15 June 2010. The first instalment of the consideration of £17,000,000 was satisfied by the Company in cash.

By Order of the Board

Chongqing Machinery & Electric Co., Ltd.*

Xie Hua Jun

Chairman and Executive Director

Chongqing, the PRC

22 June 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*