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*In connection with the Global Offering, Credit Suisse (Hong Kong) Limited (the “**Stabilizing Manager**”), or any person acting for it, on behalf of the underwriters, may over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail for a limited period commencing from the day on which our H Shares commence trading on the Stock Exchange. The stabilizing action which may be taken by the Stabilizing Manager may include primary and ancillary stabilizing action such as purchasing or agreeing to purchase any of our H Shares, exercising the Over-allotment Option, stock borrowing, establishing a short position in our H Shares, liquidating long positions in our H Shares or offering or attempting to do any such actions. Any market purchases will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules made under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). However, there is no obligation on the Stabilizing Manager to conduct any such stabilizing activity, which if commenced, may be discontinued at any time. Any such stabilizing activity is required to be brought to an end after a limited period.*

The number of Offer Shares being offered in the Global Offering may be increased by up to an aggregate of 150,735,000 additional H shares through the exercise of the Over-allotment Option granted to the International Underwriters by the Company, exercisable by the Sole Global Coordinator on behalf of the International Underwriters, to cover over-allocations in the International Offer. The Over-allotment Option is exercisable for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offer. In the event that such Over-allotment Option is exercised, an announcement will be made.

*Unless otherwise defined in this announcement, terms defined in the prospectus of the Company dated May 30, 2008 (the “**Prospectus**”) have the same meanings when used in this announcement.*



CQME

Chongqing Machinery & Electric Co., Ltd.*

重慶機電股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of H Shares offered pursuant to the Global Offering	: 1,004,900,000 H Shares
Number of Hong Kong Public Offer Shares	: 100,492,000 H Shares
Number of International Offer Shares	: 904,408,000 H Shares
Offer Price	: HK\$1.30 per Offer Share (excluding brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%)
Nominal Value	: RMB1.00 each
Stock Code	: 2722

Sole Global Coordinator, Sole Bookrunner, Sole Sponsor and Sole Lead Manager

CREDIT SUISSE
Credit Suisse (Hong Kong) Limited

SUMMARY

- The Offer Price has been determined at HK\$1.30 per Offer Share (excluding brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%).
- After deducting related expenses, we estimate that the net proceeds of the Global Offering available to the Company based on the Offer Price of HK\$1.30 per Offer Share will be approximately HK\$1,116 million.
- 13,196 valid applications for a total of 526,372,000 Hong Kong Public Offer Shares, representing approximately 5.24 times of the total number of 100,492,000 Hong Kong Public Offer Shares initially available under the Hong Kong Public Offer, have been received under the Hong Kong Public Offer.
- The International Offer Shares initially offered under the International Offer have been moderately over-subscribed.
- In connection with the Global Offering, the Company has granted to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters within 30 days from the last day for the lodging of applications under the Hong Kong Public Offer, to require the Company to sell up to an aggregate of 150,735,000 additional H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the same price per H Share under the International Offer, among other things, to cover over-allocations in the International Offer, if any.
- In relation to the Hong Kong Public Offer, the Company announces that the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of Hong Kong Public Offer Shares successfully allotted under **WHITE** and **YELLOW** Application Forms, through the **White Form eIPO** service by submitting an electronic application to the White Form eIPO Service Provider and by giving **electronic application instructions** to HKSCC are also made available by the following means:
 - the Stock Exchange's website at www.hkex.com.hk on Thursday, June 12, 2008;
 - Results of allocations for the Hong Kong Public Offer will be available from the results of allocations website at www.iporeresults.com.hk on a 24-hour basis from 8:00 a.m. on Thursday, June 12, 2008 to 12:00 midnight on Wednesday, June 18, 2008. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application form to search for his/her/its own allocation result;

- Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Public Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, June 12, 2008 to Sunday, June 15, 2008; and
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Thursday, June 12, 2008 to Saturday, June 14, 2008 at all the receiving bank branches and sub-branches at the addresses set out in the section entitled “How to Apply for Hong Kong Public Offer Shares — Where to Collect the Application Forms” in the Prospectus.
- Applicants who have applied for 1,000,000 or more Hong Kong Public Offer Shares using **WHITE** or **YELLOW** Application Forms and have indicated on their Application Forms that they wish to collect their refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) in person may collect their refund cheque(s) and/or H Share certificate(s) in person from the Company’s Hong Kong H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, June 12, 2008.
- H Share certificates for less than 1,000,000 Hong Kong Public Offer Shares allocated to wholly or partially successful applicants using **WHITE** Application Forms or through the **White Form eIPO** service by submitting an electronic application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk which are either not available for personal collection, or which are so available but are not collected in person, will be posted by ordinary post to those entitled at their own risk on Thursday, June 12, 2008.
- H Share certificates for the Hong Kong Public Offer Shares allocated to wholly or partially successful applicants using **YELLOW** Application Forms and applying by giving **electronic application instructions** to HKSCC are expected to be deposited into CCASS for credit to their CCASS Investor Participants’ stock accounts or their designated CCASS Participants’ stock accounts by the close of business on Thursday, June 12, 2008.
- Refund cheques for wholly or partially unsuccessful applicants which are either not available for personal collection or which are so available but are not collected in person are expected to be despatched by ordinary post to the addresses of the applicants specified in the Application Forms at their own risk on Thursday, June 12, 2008.
- Refund monies (if any) for applicants applying by giving **electronic application instructions** to HKSCC are expected to be credited to their designated bank accounts or the designated bank account of their broker or custodian on Thursday, June 12, 2008.

- H Share certificates will only become valid certificates of title provided that the Hong Kong Public Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is expected to be at around 8:00 a.m. on Friday, June 13, 2008. For more information, please see the section entitled “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination” in the Prospectus.
- Dealings in our H Shares on the Stock Exchange are expected to commence at 9:30 a.m. on Friday, June 13, 2008. Our H Shares will be traded in board lots of 2,000 H Shares. The stock code of our H Shares is 2722.

OFFER PRICE

The Offer Price has been determined at HK\$1.30 per H Share (excluding brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%).

NET PROCEEDS OF THE GLOBAL OFFERING

After deducting related expenses, we estimate that the net proceeds of the Global Offering available to the Company based on the offer price of HK\$1.30 per H Share will be approximately HK\$1,116 million.

APPLICATIONS AND INDICATIONS OF INTEREST RECEIVED

The Directors announce that at the close of the application lists at 12:00 noon on Wednesday, June 4, 2008, a total of 13,196 valid applications (including **electronic application instructions** given to HKSCC) pursuant to the Hong Kong Public Offer have been received for a total of 526,372,000 Hong Kong Public Offer Shares, representing approximately 5.24 times of the total number of 100,492,000 Hong Kong Public Offer Shares initially available under the Hong Kong Public Offer.

Of the 13,196 valid applications on **WHITE** and **YELLOW** Application Forms or through the **White Form eIPO** service by submitting an electronic application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk and by **electronic application instructions** given to HKSCC for a total of 526,372,000 Hong Kong Public Offer Shares, a total of 13,168 applications in respect of a total of 394,872,000 Hong Kong Public Offer Shares with an aggregate subscription amount based on the Maximum Offer Price of HK\$1.70 (plus brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%) of HK\$5 million or less (equivalent to approximately 7.86 times the total number of 50,246,000 Hong Kong Public Offer Shares initially available for allocation in pool A of the Hong Kong Public Offer), and a total of 28 applications in respect of a total of 131,500,000 Hong Kong Public Offer Shares were for Hong Kong Public Offer Shares with an aggregate subscription amount based on the Maximum Offer Price of HK\$1.70 (plus brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%) of more than HK\$5 million (equivalent to approximately 2.62 times the total number of 50,246,000 Hong Kong Public Offer Shares initially available for allocation in pool B of the Hong Kong Public Offer).

Applications not completed in accordance with the instructions set out in the Application Forms have been rejected. 16 multiple applications or suspected multiple applications have been identified and rejected. 16 applications have been rejected due to dishonored cheques. 2 applications have been rejected due to invalid application. No applications for more than 50% of the Hong Kong Public Offer Shares initially available under the Hong Kong Public Offer (that is, more than 50,246,000) have been identified.

The Hong Kong Public Offer Shares available for subscription and validly applied for on **WHITE** and **YELLOW** Application Forms or through the **White Form eIPO** service by submitting an electronic application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk and through giving **electronic application instructions** to HKSCC were conditionally allocated on the basis as set out in the paragraph “Basis of Allotment under the Hong Kong Public Offer” below.

INTERNATIONAL OFFER

The Directors further announce that the International Offer Shares initially offered under the International Offer have been moderately over-subscribed.

In connection with the Global Offering, the Company has granted to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters within 30 days from the last day for the lodging of applications under the Hong Kong Public Offer, to require the Company to sell up to an aggregate of 150,735,000 additional H Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the same price per H Share under the International Offer, among other things, to cover over-allocations in the International Offer, if any.

The International Offer Shares were allocated to placees who are independent of, and not connected with, any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or associates of any of them. None of the Sole Global Coordinator or any of the other Underwriters, or their respective associates and connected clients (as set out in Appendix 6 to the Listing Rules), has taken up any H Shares for its own benefit under the Global Offering. The International Offer has been conducted in compliance with the placing guidelines for equity securities as set out in Appendix 6 to the Listing Rules. None of the allottees under the International Offer will become a substantial shareholder of the Company after the International Offer within the meaning of the Listing Rules.

Offer Shares initially offered in the International Offer and Hong Kong Public Offer were allocated to placees and subscribers who are not connected persons of the Company within the meaning of the Listing Rules.

BASIS OF ALLOTMENT UNDER THE HONG KONG PUBLIC OFFER

Subject to the satisfaction of the conditions set out in the section entitled “Structure of the Global Offering” in the Prospectus, valid applications made by the public on **WHITE** and **YELLOW** Application Forms or through the **White Form eIPO** service by submitting an electronic application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk and by **electronic application instructions** given to HKSCC will be conditionally allotted on the basis set out below:

Number of H Shares applied for	Number of valid applications	Basis of allocation/ballot	Approximate percentage allotted of the total number of H Shares applied for
POOL A			
2,000	6,292	3,146 out of 6,292 to receive 2,000 H Shares	50.00%
4,000	1,340	1,005 out of 1,340 to receive 2,000 H Shares	37.50%
6,000	744	714 out of 744 to receive 2,000 H Shares	31.99%
8,000	261	2,000 H Shares	25.00%
10,000	1,049	2,000 H Shares plus 247 out of 1,049 to receive additional 2,000 H Shares	24.71%
12,000	249	2,000 H Shares plus 114 out of 249 to receive additional 2,000 H Shares	24.30%
14,000	102	2,000 H Shares plus 69 out of 102 to receive additional 2,000 H Shares	23.95%
16,000	88	2,000 H Shares plus 77 out of 88 to receive additional 2,000 H Shares	23.44%
18,000	89	4,000 H Shares	22.22%
20,000	870	4,000 H Shares plus 15 out of 870 to receive additional 2,000 H Shares	20.17%
30,000	374	4,000 H Shares plus 262 out of 374 to receive additional 2,000 H Shares	18.00%
40,000	181	6,000 H Shares	15.00%
50,000	247	6,000 H Shares plus 111 out of 247 to receive additional 2,000 H Shares	13.80%
60,000	172	6,000 H Shares plus 150 out of 172 to receive additional 2,000 H Shares	12.91%
70,000	73	8,000 H Shares	11.43%
80,000	55	8,000 H Shares plus 26 out of 55 to receive additional 2,000 H Shares	11.18%
90,000	68	10,000 H Shares	11.11%
100,000	325	10,000 H Shares plus 81 out of 325 to receive additional 2,000 H Shares	10.50%
150,000	115	14,000 H Shares	9.33%
200,000	137	18,000 H Shares	9.00%
250,000	45	22,000 H Shares	8.80%
300,000	70	26,000 H Shares	8.67%
350,000	17	30,000 H Shares	8.57%
400,000	31	34,000 H Shares	8.50%
450,000	28	38,000 H Shares	8.44%
500,000	30	42,000 H Shares	8.40%
550,000	8	46,000 H Shares	8.36%
600,000	21	50,000 H Shares	8.33%
650,000	3	54,000 H Shares	8.31%
700,000	8	58,000 H Shares	8.29%
750,000	1	62,000 H Shares	8.27%
800,000	7	66,000 H Shares	8.25%
850,000	4	70,000 H Shares	8.24%
900,000	3	74,000 H Shares	8.22%
950,000	1	78,000 H Shares	8.21%
1,000,000	32	82,000 H Shares	8.20%
1,500,000	13	122,000 H Shares	8.13%
2,000,000	8	162,000 H Shares	8.10%
2,500,000	7	200,000 H Shares	8.00%
	<u>13,168</u>		

Number of H Shares applied for	Number of valid applications	Basis of allocation/ballot	Approximate percentage allotted of the total number of H Shares applied for
POOL B			
3,000,000	10	1,146,000 H Shares plus 5 out of 10 to receive additional 2,000 H Shares	38.23%
3,500,000	4	1,338,000 H Shares	38.23%
4,000,000	4	1,528,000 H Shares plus 2 out of 4 to receive additional 2,000 H Shares	38.23%
5,000,000	2	1,910,000 H Shares plus 1 out of 2 to receive additional 2,000 H Shares	38.22%
5,500,000	1	2,102,000 H Shares	38.22%
6,000,000	3	2,292,000 H Shares	38.20%
8,000,000	1	3,056,000 H Shares	38.20%
10,000,000	3	3,816,000 H Shares plus 2 out of 3 to receive additional 2,000 H Shares	38.17%
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RESULTS OF APPLICATIONS

The above results of applications of the Hong Kong Public Offer Shares in the Hong Kong Public Offer including applications made on **WHITE** and **YELLOW** Application Forms or through the **White Form eIPO** service by submitting an electronic application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk and by giving **electronic application instructions** to HKSCC, which will include the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of Hong Kong Public Offer Shares successfully allotted, are also made available by the following means:

- the Stock Exchange's website at www.hkex.com.hk on Thursday, June 12, 2008;
- Results of allocations for the Hong Kong Public Offer will be available from the results of allocations website at www.iporeresults.com.hk on a 24-hour basis from 8:00 a.m. on Thursday, June 12, 2008 to 12:00 midnight on Wednesday, June 18, 2008. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application form to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Public Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, June 12, 2008 to Sunday, June 15, 2008; and
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Thursday, June 12, 2008 to Saturday, June 14, 2008 at all the receiving bank branches and sub-branches at the addresses set out in the section entitled "How to Apply for Hong Kong Public Offer Shares — Where to Collect the Application Forms" in the Prospectus.