



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)

Proxy Form for the Annual General Meeting to be held on Tuesday, 15 June 2010
(or at any adjournment thereof)

I/We, _____ of _____ ^(Note 1) being
the registered holder of _____ Domestic Shares/H Shares ^(Note 2) in Chongqing Machinery & Electric Co., Ltd. * (the "Company"), HEREBY APPOINT ^(Note 3) the Chairman of the annual general meeting or _____ of _____ as my/our proxy to attend and act for me/us at the annual general meeting of the Company to be held at Grand Metropark Hotel Chongqing, No. 1598 Jinkai Road, North New Zone, Yubei District, Chongqing, the People's Republic of China on Tuesday, 15 June 2010 at 9:30 a.m. and at any adjournment thereof and to vote on my/our behalf as directed below.

	ORDINARY RESOLUTIONS ^(Note 4)	FOR ^(Note 5)	AGAINST ^(Note 5)
1.	To consider and approve the report of the board of directors of the Company (the "Board of Directors") for the year ended 31 December 2009;		
2.	To consider and approve the report of the Supervisory Committee of the Company for the year ended 31 December 2009;		
3.	To consider and approve the audited consolidated financial statements of the Company and its subsidiaries and the Auditors Report for the year ended 31 December 2009;		
4.	To consider and approve the profit appropriation proposal of the Company for the year ended 31 December 2009;		
5.	To consider and approve the re-appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company as the PRC auditors and PricewaterhouseCoopers as the international auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorize the audit committee of the Board of Directors to fix their remuneration;		
6.	To consider and approve the renewal of a guarantee by the Company for a loan of RMB37 million of Chongqing Pigeon Electric Wires & Cables Co., Ltd. (重慶鴿牌電線電纜有限公司) ;		
7.	To consider and approve the renewal of a guarantee by the Company for a loan of RMB50.44 million of Chongqing CAFF Automotive Braking & Steering System Co., Ltd. (重慶卡福汽車制動轉向系統有限公司) ;		

	ORDINARY RESOLUTIONS <i>(Note 4)</i>	FOR <i>(Note 5)</i>	AGAINST <i>(Note 5)</i>
8.	(a) To consider and approve the appointment of Mr. Xie Hua Jun as an executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Xie Hua Jun pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(b) To consider and approve the appointment of Mr. He Yong as an executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. He Yong pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(c) To consider and approve the appointment of Mr. Liao Shaohua as an executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Liao Shaohua pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(d) To consider and approve the appointment of Mr. Chen Xianzheng as an executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Chen Xianzheng pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(e) To consider and approve the appointment of Mr. Huang Yong as a non-executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Huang Yong pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(f) To consider and approve the appointment of Mr. Yu Gang as a non-executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Yu Gang pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		

	ORDINARY RESOLUTIONS <i>(Note 4)</i>	FOR <i>(Note 5)</i>	AGAINST <i>(Note 5)</i>
	(g) To consider and approve the appointment of Mr. Yang Jingpu as a non-executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Yang Jingpu pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(h) To consider and approve the appointment of Mr. Liu Liangcai as a non-executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Liu Liangcai pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(i) To consider and approve the appointment of Mr. Lo Wah Wai as an independent non-executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Lo Wah Wai pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(j) To consider and approve the appointment of Mr. Ren Xiaochang as an independent non-executive director of the Company to hold office from the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Ren Xiaochang pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(k) To consider and approve the appointment of Mr. Kong Weiliang as an independent non-executive director of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Kong Weiliang pursuant to the remuneration standard for Directors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
9.	(a) To consider and approve the appointment of Mr. Duan Rongsheng as a supervisor of the Company to hold office from the date of the AGM until expiry of the term of the session of the Supervisory Committee of the Company and to authorize the Board to fix the remuneration of Mr. Duan Rongsheng pursuant to the remuneration standard for Supervisors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		

	ORDINARY RESOLUTIONS <i>(Note 4)</i>	FOR <i>(Note 5)</i>	AGAINST <i>(Note 5)</i>
	(b) To consider and approve the appointment of Ms. Liao Rong as a supervisor of the Company to hold office from the date of the AGM until expiry of the term of the session of the Supervisory Committee of the Company and to authorize the Board to fix the remuneration of Ms. Liao Rong pursuant to the remuneration standard for Supervisors passed at the 2010 annual general meeting and to enter into a service agreement with her on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(c) To consider and approve the appointment of Ms. Wang Rongxue as a supervisor of the Company to hold office from the date of the AGM until expiry of the term of the session of the Supervisory Committee of the Company and to authorize the Board to fix the remuneration of Ms. Wang Rongxue pursuant to the remuneration standard for Supervisors passed at the 2010 annual general meeting and to enter into a service agreement with her on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(d) To consider and approve the appointment of Mr. Liu Xing as a supervisor of the Company to hold office from the date of the AGM until expiry of the term of the session of the Supervisory Committee of the Company and to authorize the Board to fix the remuneration of Mr. Liu Xing pursuant to the remuneration standard for Supervisors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(e) To consider and approve the appointment of Mr. Wang Xuqi as the Supervisor of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Wang Xuqi pursuant to the remuneration standard for Supervisors passed at the 2010 annual general meeting and to enter into a service agreement with her on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;		
	(f) To consider and approve the appointment of Mr. Chen Qing as the Supervisor of the Company to hold office from the date of the AGM until expiry of the term of the session of the Board and to authorize the Board to fix the remuneration of Mr. Chen Qing pursuant to the remuneration standard for Supervisors passed at the 2010 annual general meeting and to enter into a service agreement with him on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters.		
10.	The remuneration standards for the second session of the Board and the supervisory committee.		
11.	(a) the entering into the Master Agreements (as defined in the circular to the shareholders of the Company dated 28 April 2010) for a period of three years commencing from 1 January 2011 in accordance with the terms thereon be and is hereby approved, confirmed and ratified; (b) the transactions contemplated under the Master Agreements and the Annual Caps as set out in the abovementioned circular be and are hereby approved;		

	ORDINARY RESOLUTIONS <i>(Note 4)</i>	FOR <i>(Note 5)</i>	AGAINST <i>(Note 5)</i>
	(c) the Master Agreements, (a copy of each Master Agreement has been produced at the meeting marked “A” and initiated by the chairman of the meeting for identification purpose), as more particularly described in the circular to the shareholder of the Company dated 28 April 2010 of which this notice forms part and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and (d) the directors of the Company be and are hereby authorised to do all such things and take all such actions for and on behalf of the Company as they consider necessary, desirable or expedient in connection with the revision as set out in paragraphs 11(a) to 11(c) of this resolution.		
12.	(a) the annual proposed cap of being the aggregate purchase price payable by the Group to the Parent Company and its associates under the Existing Master Supplies Agreement for the financial year ended 31 December 2010 be revised from RMB140,000,000 to RMB220,000,000; (b) the Supplemental Master Supplies Agreement, a copy of the Supplemental Master Supplies Agreement has been produced at the meeting marked “B” and initiated by the chairman of the meeting for identification purpose, as more particularly described in the circular to the shareholder of the Company dated 28 April 2010 of which this notice forms part and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and (c) the directors of the Company be and are hereby authorised to do all such things and take all such actions for and on behalf of the Company as they consider necessary, desirable or expedient in connection with the revision as set out in paragraphs 12(a) to 12(b) of this resolution.		
	SPECIAL RESOLUTIONS <i>(Note 4)</i>	FOR <i>(Note 5)</i>	AGAINST <i>(Note 5)</i>
13.	To give a general mandate to the Board of Directors to allot, issue and deal with additional Domestic Shares and/or the H Shares and to make or grant offers, agreements and/or options in respect thereof, subject to the following conditions (the “General Mandate”): “THAT (A) (a) the General Mandate shall not extend beyond the Relevant Period save that the Board of Directors may during the Relevant Period make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period; (b) the aggregate nominal amount of the Domestic Shares and the H Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board of Directors (otherwise than pursuant to any scrip dividend scheme (or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend), any share option scheme, a Rights Issue or any separate approval of the shareholders of the Company) shall not exceed:		

	SPECIAL RESOLUTIONS <i>(Note 4)</i>	FOR <i>(Note 5)</i>	AGAINST <i>(Note 5)</i>
	(i) 20 per cent. of the aggregate nominal amount of the Domestic Shares in issue; and (ii) 20 per cent. of the aggregate nominal amount of the H Shares in issue, respectively, in each case as at the date of passing of this resolution; and (c) the Board of Directors will only exercise its power under the General Mandate in accordance with the Company Law of the PRC and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as each of them may be amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant government authorities in the PRC are obtained; and, for the purposes of this resolution: “Domestic Share(s)” mean ordinary domestic share(s) in the share capital of the Company which are subscribed and/or paid for in Renminbi; “H Share(s)” mean overseas listed foreign invested shares (being ordinary shares) in the share capital of the Company which are subscribed and/or paid for in Hong Kong dollars or foreign currency other than Renminbi; “Relevant Period” means the period from the date of passing this resolution until the earlier of: (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution, unless, by special resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or (b) the expiry of the period within which the next annual general meeting is required by the articles of association of the Company or any applicable law to be held; or (c) the passing of a special resolution of the Company in a general meeting revoking or varying the authority set out in this resolution; “Rights Issue” means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding, as the Board of Directors may decide, for such purpose any shareholder who is resident in a place where such offer is not permitted under the law or regulation of that place) entitled to such offer, pro rata (apart from fractional entitlements) to their then existing holdings of shares; and		

	SPECIAL RESOLUTIONS <i>(Note 4)</i>	FOR <i>(Note 5)</i>	AGAINST <i>(Note 5)</i>
	(B) contingent on the Board of Directors resolving to exercise the General Mandate and/or issue shares pursuant to paragraph (A) of this resolution, the Board of Directors be and is hereby authorised: (a) to approve, execute and do, or procure to be executed and done all such documents, deeds and matters which it may consider necessary in connection with the exercise of the General Mandate and/or the issue of shares, including but not limited to the time, price, quantity and place for such issue, to make all necessary applications to the relevant authorities, and to enter into underwriting agreement(s) or any other agreement(s); (b) to determine the use of proceeds and to make all necessary filings and registration with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate); and (c) to increase the registered capital of the Company and make all necessary amendments to the Articles to reflect such increase and to register the increased capital with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate) as so to reflect the new capital and/or share capital structure of the Company.”		

Dated this _____ date of _____ 2010

Signature(s) *(Note 6)* _____

Notes:

1. Full name(s) (in Chinese and English) and address(es) (as shown in the register of members) are to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of shares in the Company registered in your name(s) to which this Form of Proxy relates. If no number is inserted, this Form of Proxy will be deemed to relate to all shares in the capital of the Company registered in your name(s). Please also strike out the type of shares (Domestic Shares/H Shares) to which the proxy does not relate.
3. Please insert the name and address of the proxy desired. **IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS YOUR PROXY.**
4. The full text of these resolutions is set out in the notice of the Meeting which is sent to the shareholders of the Company together with this form of proxy.
5. If you wish to vote for any of the resolutions set out above, please tick (“✓”) in the boxes marked “FOR”. If you wish to vote against any of the resolutions, please tick (“✓”) in the boxes marked “AGAINST”. If this form of proxy returned is duly signed but without specific direction on any of the proposed resolutions, the proxy will vote or abstain at his discretion in respect of all resolutions; or if in respect of a particular proposed resolution there is no specific direction, the proxy will, in relation to that particular proposed resolution, vote or abstain at his discretion. A proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those set out in the notice of the annual general meeting.
6. This form of proxy must be signed by a shareholder, or his attorney duly authorized in writing, or if the shareholder is a corporation, either under its common seal or under the hand of an officer or attorney so authorized. All powers of attorney referred to in this note must be notarially certified.
7. In the case of a joint holding, this form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holder whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
8. As regards to the holders of H Shares and in order to be valid, this 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 such power or authority, must be deposited with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the annual general meeting or any adjournment thereof.
9. As regards to the holders of Domestic Shares and in order to be valid, this 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 such power or authority, must be deposited with the Company’s registered office at No. 155, Zhongshan Third Road, Yuzhong District, Chongqing City, the PRC not less than 24 hours before the time appointed for holding the annual general meeting or any adjournment thereof.
10. A proxy attending the annual general meeting on behalf of a shareholder must present this form of proxy, duly completed and signed, and the proxy’s proof of identity.
11. This form of proxy is in duplicate. One of which should be lodged in accordance with the instruction under note 8 or note 9 and the other shall be presented at the annual general meeting in accordance with the instruction under note 10.
12. Any alteration made to this form of proxy should be initialed by the person who signs the form of proxy.
13. Unless the context requires otherwise, terms defined in the notice of the annual general meeting shall bear the same meanings when used in this form of proxy.

* *For identification purpose only*