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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 EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the first Extraordinary General Meeting (the “**EGM**”) of Chongqing Machinery & Electric Co., Ltd.\* (the “**Company**”) for 2011 will be held at Grand Metropark Hotel Chongqing, No. 1598 Jinkai Road, North New Zone, Chongqing, the PRC on Friday, 9 December 2011 at 10 a.m. for the purpose of considering and, if thought fit, passing, with or without modification or supplementation, the following resolutions:

**ORDINARY RESOLUTIONS:**

1. Provision of guarantee by the Company for a loan of GBP4.2 million of Holroyd;
2. Connected transaction and discloseable transaction - establishment of the Finance Company;
3. Change of a Supervisor;

## 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 21 October 2011 to the Shareholders of the Company, of which this notice forms part, 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*

21 October 2011

*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. In the case of the 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 Rooms 1712-1716, 17M, 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, not later than 24 hours before the time appointed for holding the Meeting or the time appointed for passing the resolutions or any adjournment thereof. 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 9 November 2011 to 8 December 2011, 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 8 November 2011.
4. Whether or not the holders of H shares of the Company are able to attend the Meeting, they shall complete the enclosed reply slip for the Meeting and return it, by hand or by post, to the Company's H share registrar Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or by fax on or before Friday, 18 November 2011.
5. Whether or not the holders of domestic shares of the Company are able to attend to the Meeting, they shall complete the enclosed reply slip for the Meeting and return it, 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, 18 November 2011.

*As at the date of this notice, the executive Directors are Mr. Xie Hua Jun, Mr. Yu Gang, Mr. Liao Shaohua and Mr. Chen Xianzheng; the non-executive Directors are Mr. Huang Yong, Mr. Wang Jiyu, 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*