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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

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2) of the Listing Rules.

As approved by the 2011 first extraordinary general meeting of the Company held on 9 December 2011, the Company established the Finance Company jointly with the Parent Company and Industrial Trust. The registered capital of the Finance Company is RMB600 million, of which RMB306 million, RMB180 million and RMB114 million were contributed by the Company, the Parent Company and Industrial Trust, respectively. The Company has recently received the “Approval Reply of CBRC concerning the Commencement of Business of Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.” (Yin Jian Fu [2013] No. 19) (《中國銀監會關於重慶機電控股集團財務有限公司開業的批覆》(銀監覆[2013]19 號)) issued by the CBRC, granting approval to the commencement of business of the Finance Company.

The Finance Company obtained its business license from the Chongqing Administration Bureau of Industry and Commerce on 16 January 2013.

DEFINITIONS

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

“Company”	Chongqing Machinery & Electric Co., Ltd.* (重慶機電股份有限公司), a joint stock limited company incorporated in the PRC, the shares of which are listed on the Stock Exchange (stock code: 02722);
“Parent Company”	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;
“Finance Company”	Chongqing Machinery and Electric Holding (Group) Finance Co., Ltd.* (重慶機電控股集團財務有限公司), a limited liability company established in the PRC on 16 January 2013 by the Company, the Parent Company and Industrial Trust;
“Director(s)”	the director(s) of the Company;
“Inside Information Provisions”	has the meaning ascribed to it under the Listing Rules;
“Industrial Trust”	China Industrial International Trust Limited* (興業國際信託有限公司);
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“CBRC”	China Banking Regulatory Commission;
“PRC”	the People’s Republic of China, which for purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region and Taiwan region;
“RMB”	Renminbi, the lawful currency of the PRC; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Chen Xianzheng
Executive Director and Secretary to the Board

Chongqing, the PRC
16 January 2013

As at the date of this announcement, 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. Liu Liangcai and Mr. Yang Jingpu; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Kong Weiliang and Mr. Jin Jingyu.

* *For identification purposes only*