

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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.

The Board hereby announces that, on 19 March 2013, the Company approved the environmental relocation project of Shenjian Automotive Company.

**ENVIRONMENTAL RELOCATION PROJECT OF SHENJIAN
AUTOMOTIVE COMPANY**

(1) Site selection for the project:

Block B, Luohuang Industrial Park, Jiangjin District, Chongqing

(2) Investment and details of the project:

The newly acquired land for the project is approximately 187 Mu, with a new construction area of approximately 45,542 square meters for Phase I of the project. On the land for Phase I, it is proposed to construct the No. 1 machining workshop, No. 2 machining workshop, thermal treatment workshop, warehouses and relevant ancillary production facilities. The planned additional construction area for Phase II is approximately 14,148 square meters.

Phase II of the project shall be implemented depending on market conditions and subject to the approval of the Board.

(3) Construction schedule for the project:

The relevant preliminary works of the Shenjian Automotive Company project were commenced in July 2012 and the project will commence production upon completion in 2014.

(4) Estimated investment and fundraising:

(a) *Estimated investment:*

The total investment in the Shenjian Automotive Company project amounts to approximately RMB450 million, including additional investment of approximately RMB350 million. On the principle of “overall planning and step-by-step implementation”, the Phase I project will be implemented first, the total investment of which is approximately RMB163.79 million (of which the additional investment is approximately RMB142.29 million and the existing stock assets utilized are approximately RMB21.50 million). The total investment in the Phase I project includes construction investment of approximately RMB150.90 million (of which the engineering cost is approximately RMB107.418 million and other expenses are approximately RMB43.482 million), initial working capital of approximately RMB6.045 million and interest expenses for the construction period of approximately RMB6.845 million.

(b) Fund sources:

- i. Capital injection from Chongqing Machine Tools Group;
- ii. Capital from land swap;
- iii. Bank loans; and
- iv. Finance leasing.

GENERAL

The environmental relocation project of Shenjian Automotive Company falls into Phase II of the overall environmental relocation project of Chongqing Machine Tools Group.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors of Chongqing Machinery & Electric Co., Ltd.*;
“Inside Information Provisions”	has the meaning ascribed to it under the Listing Rules;
“Chongqing Machine Tools Group”	Chongqing Machine Tools (Group) Co., Ltd.* (重慶機床(集團)有限責任公司), a limited liability company established under laws of the PRC and a wholly-owned subsidiary of the Company;

“Shenjian Automotive Company”	Chongqing Shenjian Automotive Drive Part Co., Ltd.* (重慶神箭汽車傳動件有限責任公司), a limited liability company established under laws of the PRC and a wholly-owned subsidiary of Chongqing Machine Tools Group;
“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);
“Director(s)”	the director(s) of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Shareholders”	the shareholders of the Company;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited; and

“Mu”

1 Mu equals to approximately 666.67 square meters.

By Order of the Board

Chongqing Machinery & Electric Co., Ltd.*

Chen Xianzheng

Executive Director and Secretary to the Board

Chongqing, the PRC

19 March 2013

As at the date of this announcement, the executive Directors are Mr. Yu Gang, Mr. Liao Shaohua, Mr. Chen Xianzheng and Mr. Xie Hua Jun; 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*