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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)

**APPOINTMENT OF CHAIRMAN OF THE BOARD AND
ENGAGEMENT OF GENERAL MANAGER
AND SECRETARY TO THE BOARD**

Reference is made to the announcement on resignation of director and redesignation of director of Chongqing Machinery & Electric Co., Ltd.* (the “**Company**”) dated 25 January 2013 (the “**Announcement on Resignation of Director and Redesignation of Director**”) and the announcement on poll results of the annual general meeting of the Company dated 18 June 2013 (the “**Announcement on Poll Results of the Annual General Meeting**”)

The Announcement on Resignation of Director and Redesignation of Director is in relation to the resignation of Mr. Xie Huajun as an executive Director, the chairman of the Board, the chairman of the Strategic Committee, the chairman of the Nomination Committee and other positions of the Company. The Announcement on Poll Results of the Annual General Meeting is in relation to the fact that resolutions set out in the Supplemental Notice of the AGM of the Company dated 14 May 2013 were duly passed by the shareholders of the Company by way of poll, including the resolution to consider and approve the appointments of Mr. Wang Yuxiang, Mr. Yu Gang and Mr. Chen Xianzheng as executive Directors of the Company. Terms used herein shall have the same meaning as defined in the Announcement on Poll Results of the Annual General Meeting unless otherwise specified.

The third session of the Board is pleased to announce that the Board resolved to appoint Mr. Wang Yuxiang, executive Director of the Company, as the chairman of the Board on 18 June 2013.

The Board is pleased to further announce that Mr. Yu Gang, executive Director of the Company, has been re-engaged as the general manager of the Company. Mr. Yu Gang has been the general manager of the Company since 25 October 2010. Mr. Chen Xianzheng, executive Director of the Company, has been re-engaged as secretary to the Board of the Company. Mr. Chen Xianzheng has been the secretary to the Board since July 2007.

Profiles of Mr. Wang Yuxiang, Mr. Yu Gang and Mr. Chen Xianzheng

Mr. Wang Yuxiang, aged 52, joined the Parent Group and served as the chairman and Party committee secretary in April 2013. Mr. Wang has over 30 years of experience in business and economic management. Mr. Wang served as the deputy director and a member of the Party committee of Chongqing State-owned Assets Supervision and Administration Commission from June 2009 to April 2013 (and concurrently served as the Party committee secretary of Chongqing Consultation Research Institute (重慶市諮詢研究院) from November 2011 to April 2013), the deputy director and a member of the Party group of Chongqing Economic and Information Technology Commission (重慶市經濟和信息化委員會) from March 2009 to June 2009, the deputy director and a member of the Party group of Chongqing Economic Commission (重慶市經濟委員會) from April 2004 to March 2009 (during which he was delegated by three ministries and commissions including the Organization Department of the CPC Central Committee to take a temporary post as the deputy director of the Marketing Department of China Southern Power Grid from March to October 2006), the secretary of the Disciplinary Inspection Committee of China National Erzhong Group Co. from July 2000 to April 2004 (and concurrently served as the Party committee secretary of Deyang Heavy Industry Park (德陽重工園區) from November 2000 to April 2004 and took a temporary post as the deputy secretary of Enterprise Work Committee of Chongqing Municipal Party Committee and the deputy secretary of the Communist Party Committee of SASAC of Chongqing City successively), the secretary of the Communist Youth League, vice-section level inspector and section level inspector of the Disciplinary Inspection Committee, Party branch secretary of heavy machinery workshop, office director, deputy plant manager, general Party branch secretary and plant manager of the Heavy Machinery Branch Factory (重機分廠) of China National Erzhong Group Co. from November 1984 to July 2000, and a worker of No. 3 metal workshop and an officer of the Communist Youth League of China National Erzhong Factory (中國第二重型機械廠) from December 1979 to November 1984. Mr. Wang is a senior economist

and senior political scientist who graduated from Sichuan Cadre Correspondence School (四川幹部函授學院) with an associate degree in Party policy in September 1988, the correspondence course of economic management of the Party School of Sichuan Provincial Committee in December 1995, the program of Master of Business Administration (MBA) of Chongqing University in December 1999 and the program of EMBA in Xiamen University in December 2011. He has been in the Class of Chongqing Enterprise Leaders of Tsinghua University (one-year term) since December 2012.

Mr. Yu Gang, aged 48, joined the Parent Group in September 2003, joined the Group in July 2007 and served as a non-executive Director of the Company. Since October 2010, he has been the general manager of the Company, responsible for the overall management of the Company. He serves as the Acting Chairman from 25 January 2013 until the election of the new chairman of the Company (please refer to the related announcement on the Hong Kong Stock Exchange for details). He commenced service as executive Director of the Company on 30 December 2010 and at the same time resigned as non-executive Director of the Company. Mr. Yu has been the chairman of Chongqing Cummins Engine Co., Ltd. since January 2011 and a director of the Parent Group since September 2003. Mr. Yu acted as vice president of the Parent Group from September 2003 to September 2010. Since May 2009, he has also been serving as a director and vice chairman at Chongqing Wanli New Energy Co., Ltd., (stock code: 600847.SH). In addition, Mr. Yu has concurrently been a director of Kunlun Financial Leasing Company Limited since August 2010. Mr. Yu has over 20 years of experience in government services and management of large enterprises. Prior to joining the Company, Mr. Yu was the deputy mayor of Jiangjin Municipal Government from 2001 to 2003 in charge of industrial development of the municipality, the assistant to the mayor of Jiangjin Municipal Government and the section chief of the Economic Committee and the minister of the political department of the Industry and Transportation Department from 1997 to 2001 in charge of the industrial and economic development of the municipality. Between 1989 and 1997, he was an officer in the political department of the Chongqing Municipality Industrial Transportation Department in charge of human resources management, and an officer in the Chongqing Machinery School from 1984 to 1989. Mr. Yu is a senior engineer who graduated from Chongqing Machinery Manufacturing School with a professional degree in machinery engineering in 1984 and from Chongqing Party School in 1997. He graduated from Southwest Normal School with a master's degree in business management in 2002. He also graduated from the College of Online Education (網絡學院) of Xiamen University with a college degree in business administration in July 2012, and from the program of EMBA in Xiamen University with an MBA degree in December 2011.

Mr. Chen Xianzheng, aged 58, joined the Parent Group in August 1976 and the Group in December 2001. Since July 2007, he has been an executive Director of our Company and the secretary to the Board responsible for handling all matters of the Board. Mr. Chen has concurrently served as a director of Chongqing General Industry (Group) Co., Ltd. since July 2007 and a director of Chongqing CAFF Automotive Braking & Steering System Co., Ltd. and Chongqing Huahao Smelting Co., Ltd. since December 2011. Mr. Chen has over 20 years of experience in business management. From July 2006 to July 2007, he was the head of the securities department of the Parent Company, in charge of the listing. Mr. Chen was the department chief of the asset management department and the enterprise reform department of the Parent Company from 2000 to July 2006 in charge of asset management, reorganization and merger, and general management matters. He worked for the state-managed Jianan Machinery Factory from 1976 to 2000 and was the deputy plant manager from 1995 to 2000 in charge of operations, research and development management, restructuring, medium and long term planning and legal matters. Mr. Chen is a senior economist who graduated from the Party School of Chengdu Municipal Party Committee with a college degree in 1986.

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

Chongqing, the PRC
18 June 2013

As at the date of the announcement, the executive Directors are Mr. Wang Yuxiang, Mr. Yu Gang, Mr. Ren Yong and Mr. Chen Xianzheng; the non-executive Directors are Mr. Huang Yong, Mr. Wang Jiuyu, Mr. Deng Yong and Mr. Yang Jingpu; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Jin Jingyu and Mr. Yang Zhimin.

** For identification purposes only*