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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)

PROFIT WARNING

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

The Board wishes to inform the Shareholders and potential investors that, the unaudited annual results of the Group for the twelve months ended 31 December 2012 is expected to record a decline as compared to the corresponding period in 2011.

The information contained in this announcement is only a preliminary assessment by the management of the Company based on the consolidated management account of the Group, such management account has not been audited or reviewed by the auditors of the Company.

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

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

The Board wishes to inform the shareholders and potential investors that, the unaudited annual results of the Group for the twelve months ended 31 December 2012 (such unaudited annual results have not been audited or reviewed by the auditors of the Company) is expected to record a decline as compared to the corresponding period in 2011. Such decline is mainly due to the following reasons:

- (i) in 2012, with the world economic situation getting increasingly complicated and the European debt crisis still unresolved, China was confronted with increasing risk of slower economic growth and economic downturn. Accordingly, the state reduced its investment projects, with smaller investment scale;
- (ii) the slower economic growth led to insufficient market demands, the decline in orders, increased competition and downward prices; and
- (iii) the increase in labour costs.

The Company is still in the process of finalizing its annual results for the twelve months ended 31 December 2012. The information contained in this announcement is made according to a preliminary assessment by the management of the Company based on the unaudited consolidated management accounts of the Group. Further details of the Company's performance for the twelve months ended 31 December 2012 will be disclosed when the annual results of the Company for the twelve months ended 31 December 2012 are announced.

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

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.*(重慶機電股份有限公司);
“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;

“Group”	the Company and its associates
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Inside Information Provisions”	has the meaning ascribed to it under the Listing Rules;
“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;
“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; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Yu Gang
Executive Director
(As Acting Chairman)

Chongqing, the PRC
8 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