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CQME

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)

INSIDE INFORMATION UPDATES ON LITIGATION

This announcement is made by Chongqing Machinery & Electric Co., Ltd.* (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the inside information announcement (the “**Announcement**”) regarding litigation of the Company dated 6 November 2020, in relation to that the Company and Chongqing Shengpu Materials Co., Ltd. (重慶盛普物資有限公司) (“**Shengpu Company**”), a wholly-owned subsidiary of the Company, filed lawsuits against Chongqing General Trading Chemical Co., Ltd. (重慶商社化工有限公司) (“**General Trading Chemical**”) and Chongqing General Trading (Group) Co., Ltd. (重慶商社(集團)有限公司) (“**General Trading Group**”). Terms used herein shall have the same meaning as defined in the Announcement. The Company has officially received two first-instance judgments from the Chongqing First Intermediate People's Court today with the content as follows:

Note: The judgment with the Company as the plaintiff is hereinafter referred to as Judgment 1, and the judgment with Shengpu Company as the plaintiff is hereinafter referred to as Judgment 2.

* For identification purposes only

JUDGMENT 1

1. The defendant Chongqing General Trading Chemical Co., Ltd. shall repay the borrowing principal of RMB87,568,704.21 and interest of RMB952,309.66 as of 27 December 2019 to the plaintiff Chongqing Machinery & Electric Co., Ltd. within ten days after this judgment being effective;
2. The defendant Chongqing General Trading Chemical Co., Ltd. shall pay the interest on the borrowing principal of RMB87,568,704.21 (at four times the Loan Prime Rate published by the National Interbank Funding Center for one-year loans on 27 September 2019 and accrued from 28 December 2019 until the amount is fully paid off) to the plaintiff Chongqing Machinery & Electric Co., Ltd. within ten days after this judgment being effective;
3. Other claims of the plaintiff Chongqing Machinery & Electric Co., Ltd. were rejected;
4. The litigation fees in this case were RMB546,517.46, of which RMB500,107.46 shall be borne by the defendant Chongqing General Trading Chemical Co., Ltd., and RMB46,409.68 shall be borne by the plaintiff Chongqing Machinery & Electric Co., Ltd.

JUDGMENT 2

1. The defendant Chongqing General Trading Chemical Co., Ltd. shall repay the plaintiff Chongqing Shengpu Materials Co., Ltd. the payment of RMB199,436,290.27 and interest thereon (at the Loan Prime Rate published by the National Interbank Funding Center for one-year loans, accrued from 7 July 2020 until the amount is fully paid off) within ten days after this judgment being effective;
2. The defendant Chongqing General Trading Chemical Co., Ltd. shall pay the plaintiff Chongqing Shengpu Materials Co., Ltd. legal fees of RMB60,000 within ten days after this judgment being effective;
3. Other claims of the plaintiff Chongqing Shengpu Materials Co., Ltd. were rejected;
4. The litigation fees in this case were RMB1,052,742.05 which shall be borne by the defendant Chongqing General Trading Chemical Co., Ltd.

The Company reserves the right to appeal to the Higher People's Court of Chongqing against the litigation that are not supported by the Chongqing First Intermediate People's Court. There is uncertainty about the impact of the litigation on the profit of the Company for the period or subsequent periods. The Company will perform its information disclosure obligations in a timely manner based on the progress of the litigation. Investors are reminded to pay attention to investment risks.

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

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Zhang Fulun
Executive Director and Chairman

Chongqing, the PRC
25 August 2021

As at the date of the announcement, the executive Directors are Mr. Zhang Fulun, Ms. Chen Ping and Mr. Yang Quan; the non-executive Directors are Mr. Huang Yong, Mr. Ma Aijun, Mr. Dou Bo and Mr. Cai Zhibin; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Jin Jingyu and Mr. Liu Wei.