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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)

PROPOSED CHANGE OF ACCOUNTING FIRM

This announcement is made by the board of directors (the “**Board**”) of Chongqing Machinery & Electric Co., Ltd. (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

RESIGNATION OF THE ACCOUNTING FIRM

In accordance with the relevant provisions of the Rules on the Management of Financial Settlement Audits for Municipal State-owned Enterprises (Yu Guo Zi Fa [2024] No. 17)* (《市屬國有企業財務決算審計管理工作規則》(渝國資發[2024]17號)) issued by the Chongqing Municipal State-owned Assets Supervision and Administration Commission, an accounting firm may only undertake financial settlement audit engagements for the same enterprise for a period not exceeding eight consecutive years. ShineWing Certified Public Accountants (Special General Partnership) (“**ShineWing**”) has provided audit services to the Company since 2018. Upon completion of the annual audit work for the Company’s 2025 financial year, the prescribed maximum service period will have been reached, necessitating a mandatory rotation. Upon the formal completion of the audit of the 2025 annual report and the publication of the Company’s 2025 annual report, ShineWing will cease to act as the Company’s auditor. Accordingly, the Company shall change its accounting firm in the 2026 financial year.

As of the date of this announcement, ShineWing has not commenced any audit work in respect of the Group’s consolidated financial statements for the financial year ended 31 December 2026. The Board anticipates that the change of accounting firm will not have any material impact on the audit of the Group’s consolidated financial statements for the financial year ended 31 December 2026.

The Company has engaged in thorough discussions with ShineWing in relation to the proposed change of accounting firm and has received written confirmation from it that there are no disagreements in this regard; and as at the date of this announcement, there are no any other matters relating to the proposed change of accounting firm that require to be brought to the attention of the Company's shareholders and creditors. The Board and the audit committee of the Company ("**Audit Committee**") have also confirmed that there are no disagreements between the Company and ShineWing, and that there are no other matters in relation to the proposed change of accounting firm that require to be brought to the attention of the Company's shareholders and creditors.

The Board hereby expresses its sincere gratitude to ShineWing for the professional services and support provided to the Company in previous years.

APPOINTMENT OF AN ACCOUNTING FIRM

As such, after receiving a recommendation from the Audit Committee in accordance with the Company's Articles of Association, the Board convened the first meeting of the seventh session of the Board in 2026 (the "**Meeting**") on 20 March 2026. At the Meeting, all Directors considered and unanimously approved a resolution, agreeing to appoint Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) ("**Zhongshen Zhonghuan**") as the Company's annual domestic financial and internal control audit firm, and ZSZH (HK) Fuson CPA Limited ("**ZSZH Hong Kong**") as the Company's annual overseas auditor, for a term of one year, with total audit fees amounting to RMB2.2 million, subject to the consideration and approval of the Company's shareholders at the 2025 Annual General Meeting ("**AGM**").

In assessing the appointment of Zhongshen Zhonghuan and ZSZH Hong Kong (collectively referred to as the "**Successor Accounting Firms**") as the Company's annual domestic financial and internal control audit firm and overseas auditor respectively, the Audit Committee has taken into account a number of factors, including but not limited to: (i) the Successor Accounting Firms' fees for audit and tax advisory services; (ii) the Successor Accounting Firms' professional qualifications, experience, industry knowledge and technical capabilities in successfully providing audit work for companies listed on the The Stock Exchange of Hong Kong Limited, where such companies are of a similar scale and in similar industries to the Company; (iii) the adequacy of the Successor Accounting Firms' staff, deployment of expertise and core team stability; (iv) the Successor Accounting Firms' quality control measures to ensure its compliance with relevant ethical requirements regarding the audit and/or review of financial statements; (v) the independence and objectivity of the Successor Accounting Firms with respect to the Group; (vi) the communication framework of the Successor Accounting Firms, and how it intends to ensure effective discussions between the Successor Accounting Firms and the Company; (vii) the professional track records of key members of the proposed Successor Accounting Firms' audit team, whether they have been subject to any regulatory actions, and if so, whether this would affect the quality of their audit work; and (viii) the Guidelines on the Effective Operation of Audit Committees – Selection, Appointment and Reappointment of Auditors issued by the Accounting and Financial Reporting Council ("**AFRC**") in December 2021; and (ix) the Guidance Notes on Changing Auditors issued by the AFRC in September 2023.

Based on the foregoing, the Audit Committee has assessed and considered that the Successor Accounting Firms are qualified and suitable to act as the Company's accounting firm. The Board and the Audit Committee consider that the proposed change of accounting firm will not have any material impact to the Group and is in the best interests of the Company and its shareholders as a whole.

The Board hereby extends its warm welcome to Zhongshen Zhonghuan and ZSZH Hong Kong on their appointment as the Company's annual domestic financial and internal control audit firm as well as overseas auditor, respectively.

The aforementioned proposed change the accounting firm is subject to consideration and approval by the Company's shareholders at the AGM and will take effect from the date of approval at the AGM.

A circular containing, among other things, details in relation to the proposed change of accounting firm, together with the notice convening the AGM, will be despatched to the Company's shareholders in due course.

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

Chongqing, the PRC
20 March 2026

As at the date of the announcement, the executive Directors are Mr. Yue Xiangjun, Mr. Qin Shaobo and Mr. Deng Rui; the non-executive Directors are Mr. Lei Bin, Ms. Zhu Ying and Mr. Cai Zhibin; and the independent non-executive Directors are Mr. Ke Rui, Mr. Liu Lijun, Ms. Pu Huayan and Mr. Wong Chun Wa.

* *For identification purposes only*