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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)

**VOLUNTARY ANNOUNCEMENT
RENEWAL OF THE CCEC JOINT VENTURE CONTRACT**

This announcement is made by Chongqing Machinery & Electric Co., Ltd. (the “**Company**”) on a voluntary basis.

The joint venture contract (the “**Joint Venture Contract**”) entered into in 1995 in relation to Chongqing Cummins Engine Company Limited (“**CCEC**”), a joint venture of the Company, will expire in 2025. In order to promote long-term and sustainable development of CCEC, upon friendly negotiation between the Company and Cummins (China) Investment Co., Ltd. (“**Cummins**”), both parties reached an agreement on major issues involved in the continuation of the joint venture, and recently entered into the revised and restated Joint Venture Contract, articles of association and related ancillary agreement (the “**Agreement**”). The Agreement mainly includes: to extend the joint venture period to 2040; to keep the shareholding ratio and dividend ratio of both parties unchanged; to make necessary optimizations of the corporate governance structure of CCEC according to the latest requirements of the Foreign Investment Law of the People's Republic of China, Company Law of the People's Republic of China and other laws and regulations, and based on the principle of reciprocity; and to introduce new resources into CCEC.

Based on the strategic partnership of deep mutual trust established through cooperation for nearly 30 years, both parties conducted extensive and in-depth discussions and planning on the future of CCEC in the spirit of “respecting history, cooperating for win-win results, and creating the future”. Both parties will continue to cooperate sincerely; continue to introduce new resources such as new products, new projects and new businesses into CCEC; jointly promote CCEC to become a competitive and independent enterprise in the global market; continue to create excellent investment returns for both shareholders; and create good and sustainable value for other stakeholders.

The entering into of the Agreement involves no further capital increase nor revision of shareholding ratio, and does not constitute a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shareholders and potential investors of the Company 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
17 May 2022

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.

* *For identification purposes only*