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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 ESTABLISHMENT OF A SUBSIDIARY**

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

In order to actively seize market opportunities, further improve the business layout of large wind power blades, and increase productivity and expand business coverage, Jilin Chongtong Chengfei New Material Co., Ltd. (“**Chongtong Chengfei**”), a subsidiary of the Company, will establish a new production base in Changji, Xinjiang to explore and develop the wind power market in Xinjiang and the peripheral regions relying on the affluent wind power resource endowment in Changji, Xinjiang and its peripheral regions. Recently, the relevant statutory registration procedures for the establishment of Xinjiang Chengfei New Material Co., Ltd. (the “**New Company**”) have been completed. Major information related to the New Company is as follows:

1. Equity structure: 100% is held by Chongtong Chengfei
2. Registered capital: RMB50 million
3. Registered address: Changji High-Tech Industrial Development Zone, Changji, Xinjiang
4. Major business: R&D, production, sales and services of wind power blades
5. Operation model: Realizing production by adopting third party factories construction and leasing with a light-asset model, constructing a modernized factory that meets the production scale for 100-meter blades to achieve an annual production capacity of 300 sets of 100-meter wind power blades.

\* *For identification purposes only*

Constructing the Xinjiang base with a focus on the national “double carbon” goals (carbon cap and carbon neutralization) to promote green development of the Company is one of the important measures to implement the “14th Five-Year Plan” strategic development plan of the Company. The Company will deeply tap into the opportunity of the national development of wind power energy, actively expand the business in large wind power blades market, continue to enhance the R&D and manufacturing capabilities of 100-meter wind power blades, and effectively strengthen and optimize clean energy sector business.

**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  
13 December 2022

*As at the date of the announcement, the executive Directors are Mr. Zhang Fulun and Mr. Yang Quan; the non-executive Directors are Mr. Huang Yong, Ms. Wang Tingting, 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.*