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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 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).

Due to disputes over processing and contracting contracts and product quality, Jilin Chongtong Chengfei New Material Co., Ltd. (“**Chengfei Company**”, a subsidiary controlled by the Company) and its wholly-owned subsidiaries, and Ming Yang Smart Energy Group., Ltd. (“**Ming Yang Company**”) and its wholly-owned subsidiary recently filed a series of litigations with the Tianjin Binhai New Area People’s Court and the Zhongshan First People’s Court of Guangdong Province respectively. Related matters are announced as follows:

Information about the Litigations with Chengfei Company and Its Wholly-Owned Subsidiaries as Plaintiffs

Each of Chongtong Chengfei Wind Power Equipment Jiangsu Co., Ltd. (“**Chengfei Jiangsu Company**”) and Xilin Hot Chenfei Wind Power Equipment Co., Ltd. (“**Xilin Hot Chenfei**”), wholly-owned subsidiaries of Chengfei Company, has filed a litigation with the Tianjin Binhai New Area People’s Court as the plaintiff against Tianjin Ming Yang Wind Energy Blade Technology Co., Ltd. (“**Tianjin Ming Yang**”) and Ming Yang Company with respect to the dispute over processing and contracting contracts, and won the litigation recently. In these cases, Chengfei Jiangsu Company successfully froze RMB24,104,200 of Ming Yang Company, while Xilin hot Chenfei successfully froze RMB21,004,200 of Ming Yang Company, as the property preservation measure.

* *For identification purposes only*

The results of the first-instance judgments of the two cases are summarized as follows:

- (1) Tianjin Ming Yang shall pay Chengfei Jiangsu Company the processing fee of RMB16,510,999.99 and the loss on overdue payment within 10 days from the effective date of this judgment (calculated at the One-Year Loan Prime Rate published by the National Interbank Funding Center based on the amount of RMB16,510,999.99, accrued from 1 February 2021 until the amount is actually and fully paid off);
- (2) Tianjin Ming Yang shall pay Xilin Hot Chenfei the processing fee of RMB14,343,039.39 and the loss on overdue payment within 10 days from the effective date of this judgment (calculated at the One-Year Loan Prime Rate published by the National Interbank Funding Center based on the amount of RMB14,343,039.39, accrued from 1 February 2021 until the amount is actually and fully paid off);
- (3) Ming Yang Company shall bear joint liability for the above debts of Tianjin Ming Yang;
- (4) Other claims of the plaintiffs are rejected;
- (5) The litigation fees and preservation fees in each of the two cases shall be borne by the plaintiffs and the defendants according to the proportion instructed by the court.

In addition, each of Chengfei Company and Gansu Chongtong Chengfei New Materials Co., Ltd. (“**Chengfei Gansu Company**”), a wholly-owned subsidiary of Chengfei Company, has filed a litigation with the Zhongshan First People’s Court of Guangdong Province as the plaintiff against Guangdong Ming Yang New Energy Materials Technology Co., Ltd. (“**Guangdong Ming Yang**”), Ming Yang Company and Tianjin Ming Yang with respect to the dispute over processing and contracting contracts. The two cases have been heard in court recently and are still pending judgments. In these cases, Chengfei Company successfully froze RMB24,143,900 of Ming Yang Company, while Chengfei Gansu Company successfully froze RMB32,981,300 of Ming Yang Company, as the property preservation measure.

The claims of the two cases are summarized as follows:

- (1) Chengfei Company requests the court to order that Guangdong Ming Yang and Ming Yang Company shall jointly pay the plaintiff a processing fee of RMB22,011,000.00; and Chengfei Gansu Company requests the court to order that Guangdong Ming Yang and Ming Yang Company shall jointly pay the plaintiff a processing fee of RMB29,884,166.50;

- (2) Chengfei Company requests the court to order that Guangdong Ming Yang and Ming Yang Company shall jointly pay the plaintiff the loss on capital occupancy due to overdue payment:
 - ① the first part of the loss on capital occupancy shall be calculated at the interest rate equal to fifty percent higher than the One-Year Loan Prime Rate (LPR) published by the National Interbank Funding Center based on the amount of RMB18,392,000.00, accrued from 1 February 2021 until the amount is fully paid off; and the second part of the loss on capital occupancy shall be calculated at the interest rate equal to fifty percent higher than the One-Year Loan Prime Rate (LPR) published by the National Interbank Funding Center based on the amount of RMB3,619,000.00, accrued from the litigation date until the amount is fully paid off;
- (3) Chengfei Gansu Company requests the court to order that Guangdong Ming Yang and Ming Yang Company shall jointly pay the plaintiff the loss on capital occupancy due to overdue payment:
 - ① the first part of the loss on capital occupancy shall be calculated at the interest rate equal to fifty percent higher than the One-Year Loan Prime Rate (LPR) published by the National Interbank Funding Center based on the amount of RMB22,201,999.85, accrued from 1 February 2021 until the amount is fully paid off; and the second part of the loss on capital occupancy shall be calculated at the interest rate equal to fifty percent higher than the One-Year Loan Prime Rate (LPR) published by the National Interbank Funding Center based on the amount of RMB7,682,166.65, accrued from the litigation date until the amount is fully paid off;
- (4) Each of Chengfei Company and Chengfei Gansu Company requests the court to order that Guangdong Ming Yang and Ming Yang Company shall pay the liquidated damages of RMB500,000.00 to the plaintiff;
- (5) Each of Chengfei Company and Chengfei Gansu Company requests the court to order that Tianjin Ming Yang shall bear joint liability with Guangdong Ming Yang Company within the scope of the above creditor's rights;
- (6) The litigation fees, appraisal fees (if any), preservation fees (if any) and other related expenses in this case shall be borne by Guangdong Ming Yang, Ming Yang Company and Tianjin Ming Yang.

Information about the Litigations with Chengfei Company and Its Wholly-Owned Subsidiaries as Defendants

Tianjin Ming Yang, as the plaintiff, has filed a litigation with the Tianjin Binhai New Area People's Court against each of Chengfei Jiangsu Company and Xilin Hot Chenfei with respect to the dispute over the product quality. The two cases have been heard in court recently and are still pending judgments.

The claims of the two cases are summarized as follows:

- (1) Tianjin Ming Yang requests the court to order that Chengfei Jiangsu Company shall indemnify the plaintiff for the economic losses totaling RMB39,170,623.2 and the corresponding capital occupancy fees (calculated at the Loan Prime Rate in the same period based on the amount of RMB39,170,623.2, accrued from the litigation date (i.e. 8 February 2023) until the amount is actually and fully paid off by the defendant);
- (2) Tianjin Ming Yang requests the court to order that Xilin Hot Chenfei shall indemnify the plaintiff for the economic losses totaling RMB61,515,234.96 and the corresponding capital occupancy fees (calculated at the Loan Prime Rate in the same period based on the amount of RMB61,515,234.96, accrued from the litigation date (i.e. 8 February 2023) until the amount is actually and fully paid off by the defendant);
- (3) Tianjin Ming Yang requests that each of Chengfei Jiangsu Company and Xilin Hot Chenfei shall bear all of its own litigation fees in the case such as case acceptance fee, appraisal fee, preservation fee and property preservation guarantee fee.

In addition, Guangdong Ming Yang, as the plaintiff, has filed a litigation with the Zhongshan First People's Court of Guangdong Province against Chengfei Company with respect to the dispute over the product quality. This case has been heard in court recently and is still pending judgment.

The claims of this case are as follows:

- (1) Guangdong Ming Yang requests the court to order that Chengfei Company shall indemnify the plaintiff for the economic losses totaling RMB47,640,260.69 and the corresponding capital occupancy fees (calculated at the Loan Prime Rate in the same period based on the amount of RMB47,640,260.69, accrued from the counterclaim date (i.e. 23 March 2023) until the amount is actually and fully paid off by the defendant);
- (2) Guangdong Ming Yang requests that the defendant shall bear all litigation fees in this case such as case acceptance fee, appraisal fee, preservation fee and property preservation guarantee fee.

As the above cases are still in progress, and the performance or execution results after the trial cannot be estimated, the impact of such litigations on the Company's current or subsequent profits is uncertain. The Company will perform its information disclosure obligations in a timely manner based on the progress of the litigations. Investors are reminded to pay attention to investment risks.

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
19 May 2023

As at the date of this announcement, the executive Directors are Mr. Zhang Fulun, Mr. Yue Xiangjun and Mr. Yang Quan; the non-executive Directors are Mr. Huang Yong, Ms. Zhu Ying, 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.