

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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).

References are made to the profit warning announcement of the Company dated 23 January 2020 (the “**Previous Profit Warning Announcement**”) and the update on profit warning dated 13 March 2020 (the “**Profit Warning Announcement**”). Unless otherwise defined, terms used herein shall have the same meaning as defined in the Previous Profit Warning Announcement.

Since the publication of the Profit Warning Announcement, the board of directors of the Company has paid continuous attention to the failure of Chongqing General Trading Chemical Co., Ltd. (重慶商社化工有限公司) (“**General Trading Chemical**”) to make payment to PTG Hong Kong as agreed for the rubber purchased. Considering that PTG Hong Kong is an overseas subsidiary, to facilitate litigation, the Company has transferred all creditors’ rights of PTG Hong Kong over General Trading Chemical to Chongqing Shengpu Materials Co., Ltd. (重慶盛普物資有限公司) (“**Shengpu Company**”), a wholly-owned subsidiary of the Company, through legal procedures, so that Shengpu Company may initiate the litigation as a litigant.

To protect legitimate rights and interests, each of the Company and Shengpu Company has filed a litigation with the Chongqing First Intermediate People’s Court, and the cases were accepted on 6 November 2020. The relevant matters are hereby announced as follows:

\* *For identification purposes only*

*Note:* The litigation with the Company as the plaintiff is hereinafter referred to as Litigation 1, and the litigation with Shengpu Company as the plaintiff is hereinafter referred to as Litigation 2.

## **INFORMATION ABOUT LITIGATION 1**

### **Basic information**

#### **1. *The parties to the litigation***

Plaintiff: Chongqing Machinery & Electric Co., Ltd.

Domicile: No. 60 Middle Section of Huangshan Avenue, New North Zone, Chongqing

Unified social credit code: 915000006635841156

Legal representative: Zhang Fulun

Defendant 1: Chongqing General Trading Chemical Co., Ltd.

Domicile: (Rooms 1 and 3, 6/F, Neptune Block D), No. 62 Xingguang Avenue, New North Zone, Chongqing

Unified social credit code: 91500000759251948R

Legal representative: Pang Qingjun

Defendant 2: Chongqing General Trading (Group) Co., Ltd., the parent of General Trading Chemical

Domicile: No. 18 Qingnian Road, Yuzhong District, Chongqing

Unified social credit code: 91500000202876844C

Legal representative: Zhang Wenzhong

#### **2. *Claims***

- (1) Order that the defendant Chongqing General Trading Chemical Co., Ltd. shall pay back the borrowing of RMB88,092,879.48 to the plaintiff and pay interest thereon (at an annual interest rate of 4.35% based on the borrowing principal of RMB88,092,879.48, accrued from 28 September 2019 to 27 December 2019);

- (2) Order that the defendant Chongqing General Trading Chemical Co., Ltd. shall pay liquidated damages (at four times the Loan Prime Rate published by the National Interbank Funding Center under the authorization of the People's Bank of China based on the borrowing principal of RMB88,092,879.48, accrued from 28 December 2019 until the amount is fully paid off) to the plaintiff;
- (3) Order that the defendant Chongqing General Trading (Group) Co., Ltd. shall bear joint liability for the debts of Chongqing General Trading Chemical Co., Ltd. described in the items (1) and (2) above;
- (4) The litigation fees and preservation fees in this case shall be borne by the above two defendants.

## **INFORMATION ABOUT LITIGATION 2**

### **Basic information**

#### ***1. The parties to the litigation***

Plaintiff: Chongqing Shengpu Materials Co., Ltd.

Domicile: 12/F, No. 60 Middle Section of Huangshan Avenue, New North Zone, Chongqing

Unified social credit code: 91500000903165201H

Legal representative: Yang Quan

Defendant 1: Chongqing General Trading Chemical Co., Ltd.

Domicile: (Rooms 1 and 3, 6/F, Neptune Block D), No. 62 Xingguang Avenue, New North Zone, Chongqing

Unified social credit code: 91500000759251948R

Legal representative: Pang Qingjun

Defendant 2: Chongqing General Trading (Group) Co., Ltd.

Domicile: No. 18 Qingnian Road, Yuzhong District, Chongqing

Unified social credit code: 91500000202876844C

Legal representative: Zhang Wenzhong

## 2. *Claims*

- (1) Order in accordance with the laws that the defendant Chongqing General Trading Chemical Co., Ltd. shall pay the plaintiff RMB199,436,290.27 and the loss on capital occupancy interests (at the Loan Prime Rate published by the National Interbank Funding Center under the authorization of the People's Bank of China based on RMB199,436,290.27, accrued from 6 July 2020 until the amount is fully paid off);
- (2) Order in accordance with the laws that the defendant Chongqing General Trading Chemical Co., Ltd. shall indemnify the plaintiff for legal fees of RMB30,000 for the realization of the creditors' rights (provisionally calculated; should legal fees arise subsequently, they shall be borne by the defendant).
- (3) Order in accordance with the laws that the defendant Chongqing General Trading (Group) Co., Ltd. shall bear joint liability for the debts of Chongqing General Trading Chemical Co., Ltd. described in the items (1) and (2) above.
- (4) The litigation fees and preservation fees in this case shall be borne by the above two defendants.

As the cases have not yet been heard in court, and the performance or execution results after the trial cannot be estimated, the impact of this litigation 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 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  
6 November 2020

*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. Zhang Yongchao, Mr. Dou Bo and Mr. Wang Pengcheng; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Ren Xiaochang, Mr. Jin Jingyu and Mr. Liu Wei.*