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北京京城機電股份有限公司
Beijing Jingcheng Machinery Electric Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0187)

ANNOUNCEMENT ON THE CONSIDERATION AND RESOLUTIONS OF THE BOARD OF DIRECTORS IN RELATION TO MATERIAL ASSETS REORGANISATION AND CONTINUED SUSPENSION OF TRADING

The board of directors of the Company and all members of the board warrant that this announcement does not contain any false information, misleading statement or material omission and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents herein contained.

IMPORTANT NOTICE:

- **The board meeting considered the resolution of material asset reorganisation and continued suspension of trading**

The tenth extraordinary meeting of the eighth session of the board of directors of Beijing Jingcheng Machinery Electric Company Limited (the "Company") was convened by way of telecommunications on 30 September 2015. The notice of meeting was dispatched by mail or delivery in person on 23 September 2015. All of the 11 eligible directors attended the meeting in person. The convening of the meeting was in compliance with the Company Law and the Articles of Association of the Company. The supervisors and senior management members of the Company also attended the meeting. At the meeting, the Resolution on Continued Suspension of Trading in Relation to Material Assets Reorganisation was passed by way of correspondence.

The board of directors agreed to apply to the Shanghai Stock Exchange for delay the resumption of trading of shares and intended to apply for continued suspension of trading not exceeding 2 months since 13 October 2015.

The details of material assets reorganisation are as follows:

(I) The general information of the material assets reorganisation

1. The trading of the Company's shares has been suspended since 29 June 2015 and the material assets reorganisation procedures started on 13 July 2015.
2. Background and reasons for the material assets reorganisation

The purpose of this transaction is to strengthen the Company and to further improve our core competitiveness.

3. Introduction of the framework of the reorganisation

(1) Major counterparties

The major counterparties include Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company, and other shareholders of relevant target assets. The actual counterparties have not been identified.

(2) Transaction method

The transaction method is issue of shares in consideration of asset purchase.

(3) Target assets

The target assets are the assets in relation to equipment manufacturing and services related assets owned or controlled by Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company. The scope of the target assets has not been finalised.

(II) Major activities carried out by the Company during the suspension of trading of shares for the material assets reorganisation

1. Work for advancing the material assets reorganisation

Since the suspension of trading of shares, the Company has been actively carried out the relevant work and organised the intermediaries, such as financial consultants, lawyers, accountants and valuers, to carry out due diligence, audit and valuation for the target assets of the transaction, and actively communicated with Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company, and the regulatory authorities, such as Beijing State-owned Assets Commission, to facilitate the relevant approval matters. At present, the relevant work is still under progress.

2. Information disclosure obligation

During the suspension of trading of shares, the Company strictly fulfilled its information disclosure obligation in accordance with relevant requirements. The Company published the announcement on continued suspension of trading promptly after suspension of trading of shares for one month and announced the progress of the material assets reorganisation at the interval of five trading days since the suspension of trading of shares.

3. The Necessity and Reasons for the Continuous Suspension of the Company

The material assets reorganisation involves issue of shares in consideration of asset purchase. Given the wide scope of relevant assets and complicated procedures, the parties still need to communicate and negotiate for the related matters involved in the target assets. There are certain issues involved in the project which remains to be solved and it is expected that the trading of shares cannot be resumed as scheduled.

4. Necessary approvals to be obtained prior to the disclosure of reorganisation proposal

Before the disclosure of reorganisation proposal, the reorganisation will need to obtain the approval in principle from the Beijing State-owned Assets Commission and other relevant authorities.

5. The work schedule for the next steps of carrying out reorganisation

The Company will continue to advance the material assets reorganisation, including finalising the details of the proposal, determining the scope of the target assets and its valuation, accelerating the due diligence and valuation of target assets, negotiating with the counterparties about the details of the transaction and communicating with the relevant authorities for the approval of the reorganisation. The Company, during the period of the suspension of trading in the shares of the Company, will fulfill the obligations of information disclosure in a timely manner according to the progress of the material assets reorganisation and announce the progress of the matter at the interval of five trading days. Upon the completion of the work, a board meeting will be convened in a timely manner to consider the proposal for material assets reorganisation.

Voting result: The number of valid votes for this resolution: 11; affirmative votes: 11; dissenting vote: 0; abstention vote: 0.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC, 30 September 2015

As at the date of this announcement, the board of directors of the Company comprises Mr. Hu Chuanzhong, Mr. Li Junjie, Ms. Liu Zhe and Ms. Jiang Chi as executive directors, Mr. Xia Zhonghua, Ms. Jin Chunyu and Mr. Fu Hongquan as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.