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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 IN RELATION TO THE EXPECTED LOSS
IN THE RESULTS OF 2015**

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.

This announcement is made pursuant to the requirements relating to inside information under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

I. Forecasts on the financial results for the current period

(1) Estimated results during the period

1 January 2015 to 31 December 2015.

(2) Estimated results

Upon the preliminary calculation of the Company's financial department, the Company is expected to record loss in operating results in 2015 and net profit realized attributable to the shareholders of the Company of -RMB200 million to -RMB220 million.

(3) Shinewing Certified Public Accountants LLP, the certified public accountant, has issued a specific explanation on whether the estimation of the Company's financial results for the period are appropriate and made with due care:

According to the preliminary audit, the certified public accountant did not discover any audit evidence inconsistent with the “Expected loss in the 2015 financial results of the Company”. However, the certified public accountant would not provide any guarantee in respect of the expected loss in the Company’s 2015 financial results. Such financial results shall be subject to the financial audit report of 2015 duly issued by the certified public accountant.

II. Financial results for the corresponding period of last year

- (1) Net profit attributable to the shareholders of the Company: RMB21,416,200.
- (2) Earnings per share: RMB0.05.

III. The major reasons for the expected loss in financial results of the period

- (1) Rigorous market environment affects the products’ profitability.

The economic conditions of the world continued to be sluggish, three phases of the China’s economy integrated, the growth of the emerging economy slowed down, various foreign currencies depreciated and major products’ markets fluctuated. Under this new circumstance, the gas storage industry was lack of endogenous power, with the additional effect of the tram policy, the industry was facing a series of problems including asset operation, excessive production and relocation. As a result, the sales volume of the major products of Beijing Tianhai Industry Co., Ltd. (“Tianhai Industrial”) did not reach the expected amount.

- (2) Decrease in the gap between the prices of petroleum and natural gas affects the products’ profitability.

Subject to the effect of significant decrease in the price of crude oil in the international market, the price of refined oil in China has decreased for several times. As a result, the gap between the prices of refined oil and natural gas became narrow, the natural gas vehicle market continued to be sluggish and the demand of it decreased significantly and the production promotion and application in gas stations slowed down, leading to a drop in the result of Tianhai Industrial.

- (3) Downstream industries affect the profitability of traditional industrial gas cylinder products.

Subject to the macro-economics, the industries of seamless steel, shipbuilding, construction and the colored-metal in China were on a declining stage of production, leading to a significant decrease in the demand on industrial gas, excessive capacity of industrial seamless steel gas cylinders and decrease in the result of the traditional gas cylinders of Tianhai Industrial.

IV. Others

The above estimated figures are based on preliminary calculation only. The specific and accurate financial figures will be disclosed in the audited annual report of 2015 to be formally published by the Company. Investors are advised to pay attention to the investment risks.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC, 29 January 2016

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Jun, Mr. Chen Changge, Mr. Li Junjie and Mr. Du Yuexi as executive directors, Mr. Xia Zhonghua, Mr. 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.