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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 PROGRESS OF  
MATERIAL ASSETS REORGANISATION**

**The board of directors and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and are severally and jointly responsible for the authenticity, accuracy and completeness of the content herein.**

**IMPORTANT NOTICES:**

1. If Beijing Jingmei Group Co., Ltd. ("Jingmei Group") fails to repurchase the equity interests corresponding to 30% equity interests in Ordos City BOE Energy Investment Co., Ltd. ("BOE Energy") before 31 May 2016, Beijing Jingcheng Machinery Electric Holding Co., Ltd. ("Jingcheng Holding") will repurchase the abovementioned equity interests.
2. If Beijing Jingcheng International Financing Lease Co., Ltd. ("Jingcheng International Financial") fails to resolve the repurchase of the payment by the required time, such amount will be exposed to larger risk impairment, which constitutes a substantive impediment to the Material Assets Reorganisation. As a result, it may lead to termination of Material Assets Reorganisation or a substantive change to the Reorganisation proposal. The Company will timely make announcements in respect of the explanation on the progress of such matter by Jingcheng Holding. Investors are reminded to read the subsequent announcements of the Company and to be aware of the investment risks.

The sixth meeting of the eighth session of the Board of Beijing Jingcheng Machinery Electric Company Limited (the “Company”) was held on 26 November 2015. Resolution in relation to the issue of shares and payment of cash to purchase assets and related fund raising and connected transaction proposal and other related resolutions were considered and approved. For details, please refer to the announcements of the Company dated 27 November 2015 on Shanghai Securities News, Securities Daily, the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>). Trading of shares of the Company has been resumed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong on 14 December 2015.

In accordance with the laws and regulations such as the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Codes on Takeovers and Mergers, in order to prevent the trigger of any mandatory offer by Jingcheng Holding, ensure the listed position of H Shares in Hong Kong, carry out the reorganisation proposal of H Shares of the Company successfully, further increase the capital strength of the Company and safeguard the long term development of the Company, the Company made modification to the reorganisation proposal. The trading of H Shares of the Company was resumed at 1 pm on 18 January 2016. The sixteenth extraordinary meeting of the eighth session of the board of Beijing Jingcheng was held on 3 February 2016. Resolution in relation to the issue of shares and payment of cash to purchase assets and related fund raising and connected transaction proposal and other related resolutions were again considered and approved. For details, please refer to the announcements of the Company dated 3 February 2016 published on Shanghai Securities News, Securities Daily, the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>). The trading of A Shares of the Company has been resumed on the Shanghai Stock Exchange on 4 February 2016. On 3 March 2016, the Company disclosed the Announcement on the Progress of Material Assets Reorganisation (announcement no.: Lin 2016-013). On 5 April 2016, the Company disclosed the Announcement on the Progress of Material Assets Reorganisation (announcement no.: Lin 2016-018).

## **I. PROGRESS OF THE MATERIAL ASSETS REORGANISATION**

The Company and the related parties are actively promoting the work of Material Assets Reorganisation. As at the date of this announcement, the audit for the relevant assets involved in Material Assets Reorganisation are completed and valuation works of which are nearly completed. After the completion of the valuation works, pursuant to relevant regulations for valuation and management of state-owned assets, the relevant valuation report has to comply with the state-owned assets assessment approval procedures. After the completion of the abovementioned works, the Company shall convene another board meeting to consider and approve the matters in relation to Material Assets Reorganisation, and shall comply with relevant announcement and approval procedures in accordance with relevant laws and regulations.

## **II. SPECIAL REMINDER**

1. On 8 April 2016, Jingcheng Holding issued the Explanation on Receiving the Repurchase Amount. Since March 2016, Jingcheng Holding has actively communicated with Jingmei Group for a number of times. Jingmei Group indicated that it will continue to push forward the repurchase of the abovementioned equity interests. If Jingmei Group fails to repurchase the equity interests corresponding to 30% equity interests in Ordos City BOE Energy Investment Co., Ltd. before 31 May 2016, Jingcheng Holding will repurchase the abovementioned equity interests.

Jingcheng Holding is of the view that the abovementioned matter does not constitute a substantive impediment to Material Assets Reorganisation, therefore, it will continue to push forward the relevant works of Material Assets Reorganisation.

Jingcheng Holding will continue to communicate with Jingmei Group. In case of any progress, it will promptly inform the Company. The Company will make announcements timely in respect of the explanation on the progress of such matter by Jingcheng Holding. Investors are reminded to read the subsequent announcements of the Company and to be aware of the investment risks.

2. According to the communication results between the Company and the parties involved in the transaction, at present, there are no related matters discovered by the Company, which may lead to the withdrawal or termination of Material Assets Reorganisation by the board of directors of the Company or the parties involved in the transaction nor there is a substantive change being made to Material Assets Reorganisation.
3. Risks related to Material Assets Reorganisation have been explained in full in the section “I. Risks relating to the Transaction” under “Warning on Major Risks” in the “Proposal In Relation to acquisition of Assets through Issue of Shares and Cash Payment as well as Raising of Supporting Funds and Connected Transaction for Beijing Jingcheng Machinery Electric Company Limited (Revised)” disclosed by the Company on 3 February 2016. Shareholders are reminded to read the relevant contents carefully and to be aware of the investment risks.

4. Pursuant to the Measures on the Administration of Material Assets Reorganisation of Listed Companies and related regulations of the Shanghai Stock Exchange, before the notice of general meeting to be convened for the consideration and approval of Material Assets Reorganisation to be issued by the Company, announcements in relation to the progress of the reorganisation will be released in every thirty days.
5. The designated media for publication of Company information includes Shanghai Securities News, Securities Daily, the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of the Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>). Information of the Company published on the above designated media shall prevail. Investors are advised to pay attention to the further announcements of the Company and the investment risks.

The board of directors of  
**Beijing Jingcheng Machinery Electric Company Limited**

Beijing, the PRC, 3 May 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, 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.*