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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 RESOLUTION PASSED AT THE NINETEENTH
EXTRAORDINARY MEETING OF THE EIGHTH SESSION
OF THE BOARD OF DIRECTORS**

The board of directors of the Company 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 truthfulness, accuracy and completeness of the contents herein contained.

Pursuant to the notice of meeting dated 27 June 2016, the nineteenth extraordinary meeting of the eighth session of the board of directors (the “**Board**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) was held on 30 June 2016 at the fourth conference room, 18/F Jingcheng Holding Mansion. All of the 11 eligible directors attended the meeting in person. The supervisors and senior management members of the Company also attended the meeting. The convening of the meeting was in compliance with the requirements of all applicable laws and the Articles of Association of the Company.

The following resolutions were considered and approved by the directors who attended the meeting:

1. The resolution of terminating assets reorganisation was considered and passed.

In accordance with the requirements under the laws, regulations and regulatory documents, including Administrative Measures on Significant Asset Restructuring of Listed Companies and the Guidance on Information Disclosure and Resumption of Trading for Material Asset Reorganisation by Listed Issuers, given the new interpretation for the material assets reorganisation policy published by the China Securities Regulatory Commission on 17 June 2016. Rule 44 of Administrative Measures on Significant Asset Restructuring of Listed Companies stipulates that: “listed company purchasing assets by way of issue of shares can raise fund at the same time, and the amount of funds raised should not exceed 100% of the transaction price of the assets to be purchased and will be reviewed

by the Review Committee.” Of which, the transaction price of assets to be purchased refers to the transaction price of assets purchased by way of issue of shares in this transaction but not including the corresponding transaction price of the subject assets subscribed by the counterparty in cash in six months prior to the date of trading suspension and during the period of suspension, which results in a change in regulatory requirement in relation to the assets reorganisation of the Company. According to the interpretation, the funds raised in the Proposal of the Company will significantly decrease, with the cap of the funds raised representing the transaction price for 45% equity interest in Beijing Jingcheng International Financial Leasing Co., Ltd. (“**Jingcheng International**”) . The corresponding transaction price of RMB66,666,700, which represents the capital contribution in cash to Jingcheng International by Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“**Jingcheng Holding**”) and Jingcheng Holding Europe GmbH, will be excluded. Therefore, it may trigger a mandatory offer by Jingcheng Holding pursuant to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Codes on Takeovers and Mergers. The Company has been communicating and negotiating with the parties concerned and cannot arrive a proposal complying with the new regulatory requirements. In order to protect the interests of the Company and the public investors, the relevant parties have unanimously agreed to terminate the material assets reorganisation after negotiation and prudent consideration.

Mr. Wang Jun, Mr. Xia Zhonghua, Ms. Jin Chunyu and Mr. Fu Hongquan, being the connected directors, abstained from voting for this resolution.

The number of valid votes for this resolution: 7; affirmative votes: 7; dissenting vote: 0; abstention vote: 0.

2. The resolution of entering into termination agreement for the purchasing assets by share issuance and payment in cash by Beijing Jingcheng Machinery Electric Company Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd., and termination agreement for the conditional share subscription agreement of Beijing Jingcheng Machinery Electric Company Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd.

In respect of the termination of the assets reorganisation, the Company entered into termination agreement for the purchasing assets by share issuance and payment in cash by Beijing Jingcheng Machinery Electric Company Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd. and termination agreement for the conditional share subscription agreement of Beijing Jingcheng Machinery Electric Company Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd. with Beijing Jingcheng Machinery Electric Holding Co., Ltd.

Given that the assets reorganisation has not been approved by the general meeting, A shareholders class meeting and H shareholders class meeting, the relevant agreements for the assets reorganisation have not yet come into effect and the parties concerned unanimously agreed to terminate the relevant matters of the assets reorganisation and to release the relevant agreements for the assets reorganisation. Upon the termination agreements coming into effect, the parties concerned are no longer entitled to the rights under the relevant agreements and are no longer required to perform other obligation under the relevant agreements of the assets reorganisation except confidentiality obligation. The termination agreements will come into effect on the date of execution and seal by the legal representatives and authorized representatives of both parties (i.e. 30 June 2016).

Mr. Wang Jun, Mr. Xia Zhonghua, Ms. Jin Chunyu and Mr. Fu Hongquan, being the connected directors, abstained from voting for this resolution.

The number of valid votes for this resolution: 7; Affirmative votes: 7; Dissenting vote: 0; Abstention vote: 0.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC, 30 June 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.