

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.



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)

TERMINATION OF MATERIAL ASSETS REORGANISATION

The board of directors of the Company and all members of the board guarantee that the information contained in this announcement does not contain any false statements, misleading representations or material omissions, and all of them jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

On 21 June 2016, Beijing Jingcheng Machinery Electric Company Limited (the “**Company**” or “**Jingcheng Machinery**”, together with its subsidiaries, the “**Group**”) published an announcement titled “RISK ALERT ANNOUNCEMENT RELATING TO MATERIAL ASSETS REORGANISATION”, and on 27 June 2016, the Company published an announcement titled “SUSPENSION OF TRADING IN A SHARES DUE TO MATERIAL EVENT”, in which it disclosed it intended to terminate such material assets reorganisation and the trading in A Shares of the Company has been suspended from 27 June 2016.

On 30 June 2016, the eighth session of the board of directors of the Company convened the nineteenth extraordinary meeting, at which several resolutions have been passed, including the resolution in relation to “the Termination of the Assets Reorganisation” and the resolution in relation to “the Termination Agreement for Asset Purchase Agreement by Share Issuance and Payment in Cash entered into between Beijing Jincheng Machinery Electric Company Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd. and the Termination Agreement for the Share Subscription Agreement entered into between Beijing Jincheng Machinery Electric Company Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd.” The independent directors of the Company have expressed independent opinion about the termination of assets reorganisation. Details of the relevant matters of the termination of assets reorganisation are as follows:

I. Basic information of the proposed material assets reorganisation

(I) Background and reasons for the proposed material assets reorganisation

The reorganisation complies with the relevant requirements of the Notice on Guiding Opinions about Promoting the Adjustment of State-owned Capital and the Reorganisation of State-

owned Enterprises. In recent years, Beijing Jingcheng Machinery Electric Holding Co., Ltd., (“**Jingcheng Holding**”) has been actively promoting the injection of its core assets into the Company. Under the transaction, it intends to inject its assets from finance leasing operation into the Company and further promote the listing of assets of Jingcheng Holding in other high-quality industries.

The transaction would further enhance the strategic importance of the Company to Jingcheng Holding in its business planning. The shareholding of Jingcheng Holding in the Company would be further increased, which would be more beneficial for the Company to seek more resources. Jingcheng Holding would vigorously support the development of Jingcheng Machinery as a capital operation platform for Jingcheng Holding to become listed in the main board of the securities market in China and to secure new market in order to realize its objective of becoming bigger and stronger.

(II) Framework of the reorganisation

Jingcheng Machinery proposes to acquire 75% equity interest of Beijing Jingcheng International Financial Leasing Co., Ltd. (“**Jingcheng International**”) held by Jingcheng Holding by way of non-public share issuance to Jingcheng Holding and payment in cash, and to acquire 25% equity interest in Jingcheng International held by Jingcheng Holding Europe GmbH (“**Jingcheng Europe**”) by way of targeted capital contribution to Jingcheng Holding (Hong Kong) Company Limited (“**Jingcheng (HK)**”) through allocating part of the proceeds not exceeding RMB300 million raising from non-public share issuance to not exceeding 10 targeted investors, including Jingcheng Holding. Upon the completion of this transaction, Jingcheng International will be a wholly-owned subsidiary of Jingcheng Holding.

II. Works have been done by the Company during the course of advancing material assets reorganisation

(I) Major progress of the material assets reorganisation

During the course of the material assets reorganisation, Jingcheng Machinery strictly complied with the relevant requirements of China Securities Regulatory Commission (“**CSRC**”), Shanghai Stock Exchange (“**Shanghai Stock Exchange**”), the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and organized the relevant parties to advance the assets reorganisation. The major process is as follows:

As the Company was planning a significant matter, the trading in shares of the Company was suspended from 29 June 2015. After discussion, the Company intended to have a non-public issuance of shares or issue of shares in consideration of asset purchase. The trading in the Company’s shares continued to be suspended from 6 July 2015. On 13 July 2015, the Company entered into the suspension of trading procedures in relation to the material assets reorganisation. On 11 August 2015, upon confirmation by the Company, the Company intended to acquire the assets in relation to equipment manufacture and service owned or controlled by Jingcheng Holding, the controlling shareholder of the Company. On 30 September 2015, it was agreed by the board of directors that trading in the shares of the Company continued to

be suspended for not more than two month with effect from 13 October 2015. In the afternoon on 12 October 2015, the Company convened an investors briefing session and published ANNOUNCEMENT ON INFORMATION PROVIDED AT INVESTORS BRIEFING SESSION on 13 October 2015. On 26 November 2015, the Company convened the meeting of the board of directors, at which relevant resolutions were considered and approved, including the RESOLUTION IN RELATION TO THE ISSUE OF SHARES IN CONSIDERATION OF ASSET PURCHASE AND FUND RAISING OF THE COMPANY CONSTITUTING CONNECTED TRANSACTION. On 4 December 2015, the Company received the LETTER OF EXAMINATION OPINION RELATING TO THE PROPOSAL FOR BEIJING JINGCHENG MACHINERY ELECTRIC COMPANY LIMITED'S ISSUE OF SHARES AND CASH PAYMENT IN CONSIDERATION OF ASSET PURCHASE AND FUNDRAISING CONSTITUTING CONNECTED TRANSACTION (Shang Zheng Gong Han [2015] No. 1964,) from the Shanghai Stock Exchange. On 11 December 2015, the Company submitted the responding documents to the Shanghai Stock Exchange and on the next day, disclosed relevant documents. Trading in shares of the Company resumed on 14 December 2015. On 27 January 2016, as Jingcheng Holding entered into equity interests transfer and equity interest exchange agreement with Beijing Jingguofa Equity Investment Fund and Beijing Bashi Media Co., Ltd., which were deemed as disposal of equity during the period of material assets reorganisation, in accordance with laws and regulations, including the Rules Governing the Listing of Securities on the Stock Exchange and the Code on Takeovers and Mergers and in order to avoid triggering of any mandatory offer by Jingcheng Holding and further strengthening the Company's capital strength, the Company convened a meeting of the board of directors on 3 February 2016 to consider and disclose the amended proposal. Trading in H shares of the Company resumed from 1:00 p.m. on 28 January 2016 and trading in A shares of the Company resumed from 4 February 2016. On 21 June 2016, the Company published RISK ALERT ANNOUNCEMENT RELATING TO MATERIAL ASSETS REORGANISATION. On 27 June 2016, Jingcheng Machinery published the announcement of SUSPENSION OF TRADING IN A SHARES DUE TO MATERIAL EVENT. Trading in the A shares of the Company was suspended from 27 June 2016. Trading in H shares was not suspended on 27 June 2016 and trading in H shares continued.

On 30 June 2016, the Company convened the nineteenth extraordinary meeting of the eighth session of the board of directors, at which the resolution in relation to the termination of the assets reorganisation was passed and the assets reorganisation was determined to be terminated. On the same date, the Company entered into the Termination Agreement for Assets Purchase Agreement by Share Issuance and Payment in Cash and Termination Agreement for Share Subscription Agreement with Jingcheng Holding; and Termination Agreement for Equity Transfer Framework Agreement with Jingcheng Europe.

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 in relation to 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.

(II) Performance of information disclosure and risk alert obligation

During the course of the reorganisation, the Company timely performed its information disclosure obligation strictly in accordance with relevant laws and regulations and sufficiently disclosed the relevant risk involved in the reorganisation proposal and other relevant announcements.

III. Reasons for termination of the material assets reorganisation

Since the commencement of the material assets reorganisation, the Company, intermediates and related parties have been actively negotiating and preparing for the material assets reorganisation.

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 Jingcheng International. The corresponding transaction price of RMB66,666,700, which represents the capital contribution in cash to Jingcheng International by Jingcheng Holding and Jingcheng Europe, 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.

The Company has been communicating and negotiating with the parties concerned. 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.

Since the material assets reorganisation has been terminated, the Company would neither hold a general meeting to consider and approve the material assets reorganisation and its related matters nor issue a circular.

The directors of the Company believe that termination of the material assets reorganisation will not have any material adverse impact on the Group's business, operation and financial position.

IV. Commitments

The Company commits that: it will hold an investors briefing session within 10 trading days from the date of publishing the announcement of the board resolutions. The Company would not propose the material assets reorganisation within six months from the date of publishing the announcement in relation to the investors briefing session.

V. Resumption of trading in A shares of the Company

In accordance with relevant requirements, the Company will hold an investor briefing session on 4 July 2016, and trading in A shares will resume at the same time the announcement in relation to investors briefing session being published. Trading in H shares of the Company will not be suspended on 4 July 2016 and the trading in H shares will continue.

VI. Other matters

The Company will promptly disclose the further situations of the organization strictly in accordance with the relevant requirements of information disclosure. 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.hkexnews.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, 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.