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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 COMPLETION OF THE INCREASE  
IN SHAREHOLDING IN THE COMPANY  
BY THE CONTROLLING SHAREHOLDER**

**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.**

**Highlights of important contents:**

On 10 July 2015, Beijing Jingcheng Machinery Electric Company Limited (the “Company”) received a commitment letter from Beijing Jingcheng Machinery Electric Holding Co., Ltd (“Jingcheng Holding”), the controlling shareholder of the Company, Jingcheng Holding intends to increase its shareholding in the Company and undertakes not to dispose of any shares of the Company via the secondary market, and intends to increase its shareholding in the Company within six months upon the resumption of trading of shares, in accordance with the relevant laws and regulations and the Notice of Increase in Shareholding of the Listed Company by its Substantial Shareholder, Directors, Supervisors and Senior Management Officers (Zheng Jian Fa [2015] No. 51) issued by the China Securities Regulatory Commission.

On 3 February 2016, the Company disclosed the material asset reorganization proposal and announced that trading of A shares of the Company would be resumed on 4 February 2016. As at the date of this announcement, Jingcheng Holding completed the implementation of the increase of shareholding. During the period of the implementation of the increase of shareholding, Jingcheng Holding increased its shareholding in the Company by an aggregated number of 2,115,052 A shares of the Company via the trading system of the Shanghai Stock Exchange, representing approximately 0.50% of the total shares of the Company.

On 4 August 2016, the Company was informed by the controlling shareholder that the six-month term of its proposal on the increase of shareholding was expired and the proposal on the increase of shareholding has been completed. Details of the proposal are as follows:

## **I. THE BASIC INFORMATION OF THE ENTITY TO INCREASE SHAREHOLDING**

### **1. Entity to increase shareholding**

The controlling shareholder of the Company: Beijing Jingcheng Machinery Electric Holding Co., Ltd

### **2. The number of shares already held by the entity to increase shareholding and its shareholding percentage**

The controlling shareholder, Jingcheng Holding, holds 180,620,000 shares of the company before the increase of shareholding, representing 42.80% of the total shares of the Company.

## **II. DETAILS OF THE PROPOSAL ON THE INCREASE OF SHAREHOLDING**

Due to the current unusual price fluctuations in domestic securities market, the healthy development of the capital markets is closely related to the development of the state-owned enterprises and holding companies. In order to create a favorable market environment for enterprise reformation and development and protect the legitimate rights of all kinds of investors, Jingcheng Holding has undertaken not to dispose any shares of the Company via the secondary market within six months and intended to increase its shareholding in the Company within six months after the resumption of trading in its shares. Details of this proposal on the increase of shareholding, please refer to “ANNOUNCEMENT IN RELATION TO THE REITERATION OF THE INTENTION TO THE INCREASE IN SHAREHOLDING IN THE COMPANY BY THE CONTROLLING SHAREHOLDER” (Announcement No.: Lin 2015-035) as disclosed by the Company on 10 July 2015.

## **III. IMPLEMENTATION RESULTS OF THE PROPOSAL ON THE INCREASE OF SHAREHOLDING**

Jingcheng Holding increased its shareholding in the Company by an aggregated number of 2,115,052 A shares of the Company via the trading system of the Shanghai Stock Exchange on 3 August 2016, representing approximately 0.50% of the total share capital of the Company. As at the date of this announcement, Jingcheng Holding completed the implementation of the proposal on the increase of shareholding. During the period of the implementation of the increase of shareholding, Jingcheng Holding did not dispose any shares of the Company; upon the completion of this increase of shareholding, Jingcheng Holding undertakes that it will not dispose any of the Company's shares increased within six months. Upon this increase of shareholding, Jingcheng Holding effectively holds 182,735,052 shares of the Company, representing 43.30% of the total shares of the Company.

#### IV. RELEVANT COMMITMENT AND ILLUSTRATION

1. Commitment of the entity to increase shareholding: the shares increased will not be disposed within six months upon the completion of the increase of shareholding pursuant to relevant requirements.
2. This increase of shareholding complies with laws and regulations such as the Securities Law and the Notice of Increase in Shareholding of the Listed Company by its Substantial Shareholder, Directors, Supervisors and Senior Management Officers (Zheng Jian Fa [2015] No. 51), and relevant requirements of departmental rules and the trading rules of the Shanghai Stock Exchange.

#### V. VERIFICATION OPINION FROM THE LAWYER

Beijing Kang Da Law Firm issued the “Verification opinion from Beijing Kang Da Law Firm regarding to the increase in shareholding by the controlling shareholder of Beijing Jingcheng Machinery Electric Company Limited” in respect of this increase of shareholding and was of the view that: Jingcheng Holding has the qualification of being an entity to this increase of shareholding; this increase of shareholding complies with requirements of laws, regulations and normative documents such as the Securities Law and the “Administrative Measures for the Takeover of Listed Companies”; this increase of shareholding is a situation which can exempt from the requirement of a waiver application in connection to obligation to make a general offer made to China Securities Regulatory Commission; the Company has fulfilled the disclosure obligations as required at this stage regarding to this increase of shareholding.

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

Beijing, the PRC, 4 August 2016

*As at the date of this announcement, the Board 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.*