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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 OF RESOLUTIONS PASSED AT THE ELEVENTH MEETING  
OF THE EIGHTH BOARD OF DIRECTORS**

**The board of directors of the Company (the “Board”) 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.**

Pursuant to the notice of meeting dated 3 March 2017, the eleventh meeting of the eighth board of directors (the “Board”) of Beijing Jingcheng Machinery Electric Company Limited (the “Company”) was held at conference room 1, No. 2 South 3 Huoxian Street, Huo Xian Town, Tongzhou District, Beijing, the PRC on 17 March 2017. 11 directors of the Company are eligible for attending the meeting and 11 of them attended the meeting. 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 meeting was presided over by the Chairman of the Company, Mr. Wang Jun, at which the following resolutions were considered and approved by the attending directors of the Company:

1. The 2016 Annual Report of the Company and its summary were considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

2. The 2016 Annual Work Report of the Board was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

3. The 2016 audited financial report of the Company were considered and approved, details of which are set out in the Annual Report.  
  
The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.
4. The 2016 Self Assessment Report on the Company's internal control was considered and approved, details of which are set out in the Annual Report.  
  
The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.
5. The 2016 Internal Control Audit Report of the Company was considered and approved, details of which are set out in the Annual Report.  
  
The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.
6. The 2016 Social Responsibility Report of the Company was considered and approved, details of which are set out in the Annual Report.  
  
The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.
7. The resolution on the report of the independent non-executive directors of the Company for the year 2016 was considered and approved.  
  
The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.
8. The resolution on the performance of functions by the Audit Committee of the Company for the year 2016 was considered and approved.  
  
The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

9. The resolution on the payment for the audit fee for 2016 to Shinewing Certified Public Accountants LLP (hereinafter “Shinewing”) was considered and approved.

According to the resolution regarding authorizing the Board to enter into agreements with Shinewing and to determine its remuneration which was considered and approved at the 2015 annual general meeting, the Board considered and approved the audit fee in a total amount of RMB900,000 to be paid to Shinewing in 2016. The audit fee includes fees related to audit services provided to the Company by the auditors, including audit, review and translation.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

10. The resolution on the payment for the audit fee for 2016 to Shu Lun Pan Certified Public Accountants LLP (hereinafter “Shu Lun Pan”) was considered and approved.

According to the resolution regarding authorizing the Board to enter into agreements with Shu Lun Pan and to determine its remuneration which was considered and approved at the 2015 annual general meeting, the Board considered and approved the audit fee in a total amount of RMB380,000 to be paid to Shu Lun Pan in 2016. The audit fee includes fees related to the audit services provided by the auditor in respect of the effectiveness of the design and execution of the Company’s internal control mentioned in its financial report.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

11. The proposal of the Company not to distribute profit for 2016 was considered and approved.

In accordance with China Accounting Standards, the Company realized a net profit of RMB-148,787,600 attributable to the shareholders of the Company during the reporting period while the undistributed net profit at the end of the year was RMB-588,661,900. The Board did not recommend a profit distribution and transfer of capital reserve to share capital for the year 2016 due to the negative undistributed net profit at the end of the year.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

12. The resolution on provision for impairment of the Company for the year 2016 was considered and approved.

Based on the balance of accounts receivable and actual age of accounts and actual usage of each asset as of 31 December 2016, upon physical stock taking, analysis and audit, provisions for bad debt and assets impairment were made by the Company in accordance with the Corporate Accounting Standard prepared and issued by the Ministry of Finance and the Internal Control System on Bad Debt Provision and Assets Impairment Provision and Loss Treatment of Beijing Jingcheng Machinery Electric Company Limited.

The accumulative bad debt provision and assets impairment provision reserve of the Company were RMB123,472,300, of which bad debt provision reserve amounted to RMB23,348,800, inventory impairment provision reserve amounted to RMB57,193,900, fixed assets impairment provision reserve amounted to RMB40,046,900 and goodwill impairment amounted to RMB2,882,700.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

13. The 2017 Audit Plan of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

14. The 2017 Internal Control Plan of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

15. The 2017 Business Plan of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

16. The 2017 Research and Development Plan of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

17. The 2017 Financial Budget Report of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

18. The 2017 Financing Guarantee Plan of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

19. The resolution on the result of remuneration and performance assessment for the senior management of the Company in 2016 was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

20. The resolution of the changes in accounting policy was considered and approved.

In accordance with the relevant regulations of the Ministry of Finance's "Notification on the issuance of the "Regulation for the Accounting Treatment of VAT"" (Cai Kuai [2016] no. 22), the implementation started from the date of issuance of such document, i.e. 3 December 2016. Any transaction carried out from 1 May 2016 to the date of implementation of such regulation which affected the amount of assets, liabilities, etc. shall be adjusted in accordance with the regulation.

In accordance with the regulation of such document, the Company adjusted the title of "Business taxes and surcharges" to "Taxes and surcharges". At the same time, it re-categorized related taxes such as real estate tax, land use tax, vehicles and vessels use tax and stamp duty from the category of "administrative expenses" to "taxes and surcharges".

The accumulated effect of such changes in accounting policy on the 2016 consolidated financial statements of the Company: an increase of RMB 8,298,221.90 in taxes and surcharges, and a decrease of RMB 8,298,221.90 in administrative expenses. Such changes in accounting policy have no influence on the net income and net assets of the Company.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

21. The resolution regarding the convening of the 2016 annual general meeting of the Company on Monday, 26 June 2017 was considered and approved, details of which will be announced otherwise.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

Among the above resolutions, resolutions Nos. 1, 2, 3, 5, 7 and 11 will be put forward to the 2016 annual general meeting of the Company for consideration.

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

Beijing, the PRC

17 March 2017

*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.*