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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)

**VOLUNTARY ANNOUNCEMENT ON THE PROVISION OF FINANCIAL ASSISTANCE
BY CONTROLLING SHAREHOLDER**

The board of directors and all directors of the Company warrant that there are no false representations, misleading statement contained in, or material omissions from, this announcement, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents in this announcement.

This announcement is made by Beijing Jingcheng Machinery Electric Company Limited (the “Company”, together with its subsidiaries, collectively the “Group”) on a voluntary basis.

I. SUMMARY OF ACCEPTING FINANCIAL ASSISTANCE

(1) Basic information

Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“Jingcheng Holding”), the controlling shareholder of the Company, provides a bridging loan of RMB45 million to Beijing Tianhai Industry Co., Ltd. (“Beijing Tianhai”), a subsidiary of the Company, for a term of six months (the “Financial Assistance”). The bridging loan bears interest at the one-year benchmark interest rate of the People's Bank of China. The Company did not provide any security or guarantee for such financial assistance.

(2) Approvals

On 26 June 2017, the resolution in relation to the provision of bridging loan of RMB45 million to Beijing Tianhai, by Jingcheng Holding, was considered and approved at the first extraordinary meeting of the ninth session of the board of directors.

On 26 June 2017, the resolution in relation to the provision of bridging loan of RMB45 million to Beijing Tianhai by Jingcheng Holding, was considered and approved at the first meeting of the ninth session of the supervisory committee.

The above matter does not constitute a material asset reorganization under the Measures on the Administration of Material Asset Restructuring of Listed Company.

(3) Exemption of connected transaction

Since Jingcheng Holding is the controlling shareholder of the Company, the above matter constitutes a connected transaction.

According to the regulation of the Guidelines on the Shanghai Stock Exchange for the Listed Companies' Postponement of and Exemption from Information Disclosure, such financial assistance does not need to be approved by the Shanghai Stock Exchange. Since the conditions for the exemption are met, the matter can be considered and disclosed by way of exempted-connected transaction.

The Financial Assistance constitutes a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). However, the board of directors of the Company (the "Board") considers that as (i) the Financial Assistance has been entered into after arm's length negotiation between the Group and Jingcheng Holding and determined on normal commercial terms or better; (ii) the annual interest rate specified in the Financial Assistance is more favourable than the unsecured loans which could be obtained by the Group from the licensed banks in the PRC; and (iii) the Financial Assistance is not secured by any asset of the Group, the Financial Assistance is fully exempted from shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

II. BASIC INFORMATION OF THE ENTITY PROVIDING FINANCIAL ASSISTANCE TO THE COMPANY:

1. Entity providing the financial assistance: Beijing Jingcheng Machinery Electric Holding Co., Ltd.
2. Legal representative: Ren Yaguang
3. Corporate nature: Limited liability company (wholly state-owned)
4. Registered address: 18/F, No.59, East Third Ring Middle Road, Chaoyang District, Beijing
5. Registered capital: RMB2,010.98708296 million
6. Date of incorporation: 8 September 1997
7. Registration No.: 911100006336862176

Scope of business: Service dispatching; operation and management of the state-owned assets according to the given authority; investments and investment management; property development and sales of commodity housing; leasing of properties; property management; technology transference, training, consultancy and service; sales of machinery and electric (EM) equipment (excluding automobiles); technology development. (For business activities for which approval is required, they can be carried out after obtaining the approvals from relevant authorities)

III. IMPACT OF THE CONTROLLING SHAREHOLDER'S PROVISION OF FINANCIAL ASSISTANCE ON THE COMPANY

The Financial Assistance will help the cash flow of the Company. The Financial Assistance bears interest at the one-year benchmark interest rate of the People's Bank of China. The Company did not provide any security or guarantee for such financial assistance. Therefore, the matter will not prejudice the interest of the Company and its shareholders, especially that of the minority shareholders.

IV. DOCUMENTS AVAILABLE FOR INSPECTION

The resolution of the first extraordinary meeting of the ninth session of the board of directors of the Company;

The resolution of the first meeting of the ninth session of the Supervisory Committee.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC
27 June 2017

As at the date of this announcement, the board of Directors of the Company comprises Mr. Wang Jun, Mr. Li Junjie, and Mr. Zhang Jiheng as executive Directors, Mr. Du Yuexi, Mr. Xia Zhonghua, Ms. Jin Chunyu and Ms. Li Chunzhi as non-executive Directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive Directors.