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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 SHARE TRANSFER AGREEMENT RELATING TO THE
ACQUISITION OF 49% OF THE SHARES OF
BTIC AMERICA CORPORATION BY BEIJING TIANHAI INDUSTRY CO., LTD.
NOT TAKING EFFECT**

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.

Beijing Tianhai Industry Co., Ltd. (“**Beijing Tianhai**”), a subsidiary of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) entered into the Share Transfer Agreement on 6 April 2017 with Bill Zheng (鄭國祥) and Susan Guo (郭志紅) (the “**Share Transferors**”), the external individual shareholders of BTIC America Corporation (“**BAC**”), a controlled subsidiary of Beijing Tianhai. For details, please refer to the discloseable and connected transaction announcement of the Company disclosed on 6 April 2017.

As the abovementioned share transfer constituted a connected transaction of the Company, the proposal on the acquisition of the external shares of BAC by Beijing Tianhai and connected transaction was considered and approved at the 22nd interim meeting of the eighth session of the Board on 6 April 2017.

On 3 August 2017, the Company received a notice from the Beijing Municipal Commission of Commerce, which stated that as the abovementioned share transfer did not meet the latest national policies, that the related application and information would not be considered, hence, such share transfer cannot proceed.

The conditions for the taking effect of the Share Transfer Agreement are as follows:

This Agreement shall take effect on the date on which all of the following terms are satisfied:

- (1) This Agreement is signed and sealed by the person in charge or the legal representative of each party or its authorized representative, or signed by himself/herself;
- (2) Beijing Tianhai has completed the internal approval procedures required for this Agreement and this transaction, and obtained the approval from the administrative department and/or supervisory department;
- (3) Both Bill Zheng and Susan Guo have completed the internal approval required for this Agreement and this transaction, and the administrative department and/or supervisory department have approved this project (if necessary).

As the related application and information of the Share Transfer Agreement were not considered by the Beijing Municipal Commission of Commerce, the Share Transfer Agreement entered into between Beijing Tianhai and the Share Transferors has not taken effect. The Board believes that this matter will not have a material adverse effect on the Group's business, operations or financial position.

The Company's designated information disclosure media are Shanghai Securities News, the website of the Shanghai Stock Exchange (www.sse.com.cn) and HKExnews of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). Information of the Company published through the abovementioned media shall prevail. Investors are advised to pay attention to the information published by the Company and investment risks.

For and behalf of the Board
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
3 August 2017

As at the date of this announcement, the Board is comprised of 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.