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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 FINANCIAL ASSISTANCES PROVIDED BY
THE CONTROLLING SHAREHOLDER TO THE COMPANY**

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

I. SUMMARY OF ACCEPTING FINANCIAL ASSISTANCES

(1) Basic information

Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“Jingcheng Machinery Electric”), the controlling shareholder of Beijing Jingcheng Machinery Electric Company Limited (the “Company”, together with its subsidiaries, the “Group”), provided a loan of RMB81.40 million to Langfang Tianhai High Pressure Containers Co., Ltd. (“Langfang Tianhai”), a subsidiary of the Company, for a term of one year. The loan bears interests at the benchmark one-year lending interest rate determined by the People’s Bank of China. The Company does not provide corresponding security or guarantee over such financial assistance.

Jingcheng Machinery Electric provided a bridging loan of RMB30.00 million to Beijing Tianhai Industry Co., Ltd. (“Beijing Tianhai”), a subsidiary of the Company, for a term of six months. The loan bears interests at the benchmark one-year lending interest rate determined by the People’s Bank of China. The Company does not provide corresponding security or guarantee over such financial assistance.

(2) Approvals

On 17 October 2017, the resolution in relation to the application for a loan of RMB81.40 million by Langfang Tianhai to Jingcheng Machinery Electric and the resolution in relation to the application for a bridging loan of RMB30.00 million by Beijing Tianhai to Jingcheng Machinery Electric were considered and approved at the third extraordinary meeting of the ninth session of the Board.

On 17 October 2017, the resolution in relation to the application for a loan of RMB81.40 million by Langfang Tianhai to Jingcheng Machinery Electric and the resolution in relation to the application for a bridging loan of RMB30.00 million by Beijing Tianhai to Jingcheng Machinery Electric were considered and approved at the fourth meeting of the ninth session of the supervisory committee of the Company (the “Supervisory Committee”).

The above matters do not constitute material asset reorganization under the Measures on the Administration of Material Asset Restructuring of Listed Company.

(3) Exemption of connected transaction

As Jingcheng Machinery Electric is the controlling shareholder of the Company, the above matters constitute connected transactions.

According to the requirements of the Guidelines on the Shanghai Stock Exchange for the Listed Companies’ Postponement of and Exemption from Information Disclosure, such financial assistances are not required to apply for exemption from the Shanghai Stock Exchange. If the self-exemption conditions are met, the matters can be considered and disclosed by way of exempted-connected transactions.

The abovementioned financial assistances constitute connected transactions 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 considers that as (i) the abovementioned financial assistances have been entered into after arm’s length negotiation between the Group and Jingcheng Machinery Electric and determined on normal commercial terms or better; (ii) the interest rate specified in the abovementioned financial assistances is more favourable than the unsecured loans which could be obtained by the Group from the licensed banks in the PRC; and (iii) the abovementioned financial assistances are not secured by any asset of the Group, the abovementioned financial assistances are 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 ASSISTANCES 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: RMB2,010,987,082.96
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 ASSISTANCES TO THE COMPANY

The financial assistances provided by Jingcheng Machinery Electric will help the cash flow of the Company. The financial assistances bear interest at the benchmark one-year lending interest rate determined by the People's Bank of China. The Company does not provide any security or guarantee for such financial assistances. Therefore, such matters 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 third extraordinary meeting of the ninth session of the Board; and the resolution of the fourth meeting of the ninth session of the Supervisory Committee.

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

Beijing, the PRC
17 October 2017

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Li Junjie, and Mr. Zhang Jiheng as executive directors, Ms. Jin Chunyu, Mr. Du Yuexi, Mr. Xia Zhonghua 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.