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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 POSITIVE PROFIT ALERT FOR
THE ANNUAL RESULTS OF 2017**

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

This announcement is made by Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Inside Information Provisions (as defined under the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Important notice:

1. The Company is expected to record a profit from RMB15 million to RMB25 million in its results.
2. The estimated profit in the results of the Company is mainly attributable to the items of non-recurring profits and loss arising from the transfer of property assets by Langfang Tianhai High Pressure Containers Co., Ltd. through public tender and the receipt of financial subsidies by Beijing Tianhai Industry Co., Ltd. granted by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. The affected amounts were approximately RMB62.50 million and RMB13.50 million, respectively.
3. After the deduction of the said items of non-recurring profits and losses, the Company is expected to record loss in its results of RMB63.10 million to RMB53.10 million.

I. Estimated results for the period

(I) Estimated period

From 1 January 2017 to 31 December 2017.

(II) Estimated results

Upon the preliminary calculation of the Company's financial department, the Company is expected to realize net profit attributable to the shareholders of the Company in 2017 as compared to RMB-148.7876 million recorded for the same period of last year, the Company is expected to turn from losses into profits. The Company is expected to record net profit attributable to the shareholders of the Company of RMB15 million to RMB25 million.

The Company is expected to record net profit attributable to the shareholders of the Company after deducting the non-recurring profits and losses of RMB-63.10 million to RMB-53.10 million.

(III) Shinewing Certified Public Accountants LLP, the certified public accountant, has issued a specific statement on the appropriateness and prudence of the Company's estimated financial results for the period:

According to our plan for the audit of Beijing Jingcheng's 2017 annual financial statements, as of the date of issue of this special statement, we have mainly carried out the risk assessment procedures such as making inquiry, observation and analysis, and we have paid particular attention to Beijing Jingcheng's disposal of the property assets of Langfang Tianhai High Pressure Containers Co., Ltd during the period and the receipt of financial subsidies by Beijing Tianhai Industry Co., Ltd. granted by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. As of the date of issue of this special statement, based on the audit procedures we have carried out and the audit evidence obtained, we have not found any exact evidence that the estimated financial results of Beijing Jingcheng may lead to the non-compliance of accounting standards. As the audit progresses, we may obtain further audit evidence, as such, there may be material discrepancies between this special statement and our audit opinion on the 2017 annual financial statements of Beijing Jingcheng.

II. Financial results for the corresponding period of last year

(I) Net profit attributable to the shareholders of the Company: RMB-148.7876 million.

The net profit attributable to the shareholders of the Company after deducting the non-recurring profits and losses: RMB-164.8745 million.

(II) Earnings per share: RMB-0.35.

III. The major reasons for the estimated profit for the period

(I) Impact on principal business

With the rise in oil prices, the gradual decline of subsidies for electric vehicles, the introduction of a series of policies including the environmental protection of the country and the integration of Beijing, Tianjin and Hebei, the natural gas market rebounded. In 2017, while stabilizing its existing business, the Company actively developed a series of high value-added products, which were put into mass productions and significantly increased the sales revenue and profits of the Company.

(II) Impact on non-recurring profits and losses

(1) The transfer of property assets of Langfang Tianhai

In the second extraordinary meeting of the ninth session of the board of the Company held on 21 July 2017 and in the first extraordinary general meeting of 2017 held on 4 September 2017, the resolution on the transfer of property assets of Langfang Tianhai was considered and approved. Langfang Tianhai completed the registration for the transfer of real estate on 28 December 2017, and the counterparty of the transaction has obtained the Property Ownership Certificate issued by the relevant department. For details, please refer the announcement published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of The Stock Exchange of Hong Kong Limited HKEXnews (<http://www.hkexnews.hk>) and on Shanghai Securities News. Such event generated a non-recurring profits and losses of approximately RMB65.20 million to the Company.

(2) Government subsidies

In accordance with the spirit of the Notice of Granting 2017 Capital Budget for National Capitals Operation issued by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, received the financial subsidies granted by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. For details, please refer the announcement published by the Company on 29 December 2017 on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the website of HKEXnews (<http://www.hkexnews.hk>) and on Shanghai Securities News. Such event generated a non-recurring profits and losses of approximately RMB13.50 million to the Company.

IV. RISK WARNING

The Company considers that there is no material uncertainty affecting the accuracy of the estimated results.

V. OTHERS

- (I) The above estimated data is based on preliminary calculation only. For the detailed and accurate financial data, please refer to the audited annual report of 2017 to be duly disclosed by the Company. Investors are advised to pay attention to the investment risks.
- (II) Since the audited net profits of the Company were negative for the two consecutive accounting years of 2015 and 2016, a delisting risk warning was imposed on the A shares of the Company on 21 March 2017 pursuant to the requirements of Provision (1) of Rule 13.2.1 of the Listing Rules of Shanghai Stock Exchange.

If the audited net profit of the Company is positive in 2017, the Company may, after the disclosure of the 2017 annual report, apply to the Shanghai Stock Exchange for the withdrawal of the delisting risk warning on the A shares of the Company pursuant to the Listing Rules of Shanghai Stock Exchange.

If the audited net profit of the Company continues to be negative in 2017, the trading of the A shares of the Company will be suspended from the date on which the 2017 annual report of the Company is disclosed. The Shanghai Stock Exchange will make a decision on whether the listing status of the A shares of the Company shall be suspended within 15 trading days after the suspension of trading.

Shareholders of the Company and potential investors should exercise caution when dealing with the securities of the Company.

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

Beijing, the PRC
30 January 2018

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.