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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)

**SUPPLEMENTARY ANNOUNCEMENT IN RELATION TO
EARLY DISSOLUTION AND LIQUIDATION OF
LANGFANG TIANHAI HIGH PRESSURE CONTAINERS CO., LTD**

The Board and all members of the Board warrant that there are no false representations, misleading statements 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.

On 11 May 2018, Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) disclosed in its announcement of the fourth extraordinary meeting of the ninth session of the board of directors of the Company (the “**Board**”) (announcement no.: Lin 2018-015) the early dissolution and liquidation of Langfang Tianhai High Pressure Containers Co., Ltd. (“**Langfang Tianhai**”) and the authorization to the board of directors of Langfang Tianhai to determine the subsequent matters of dissolution and liquidation, with supplementary details as follows:

Pursuant to the audited consolidated financial statements of the Company for the year ended 31 December 2017, operating income amounted to RMB1,203,496,955.02, total profits amounted to RMB31,636,317.62, net profits amounted to RMB20,868,364.01, total assets amounted to RMB1,925,062,021.12 and net assets amounted to RMB588,375,286.55. For the year ended 31 December 2017, Langfang Tianhai's operating income amounted to RMB158,039,441.04, total profits amounted to RMB19,892,605.98 net profits amounted to RMB19,892,605.98, total assets amounted to RMB136,693,376.23 and net assets amounted to RMB102,446,028.07, representing 13.13% of operating income, 62.88% of total profits, 95.32% of net profits, 7.10% of total assets and 17.41% of net assets, respectively, in the audited consolidated financial statements of the Company for the year ended 31 December 2017, among which, the respective percentage of total profits and net profits was relatively higher as the profit amounting to RMB60,327,941.31 was recorded as a result of the disposal of properties by Langfang Tianhai in 2017.

Supplementary reasons for dissolution and liquidation of Langfang Tianhai:

On 21 July 2017, the Company published the Announcement in relation to the Disposal of Property Assets by means of Transfer through the Public Tender of Langfang Tianhai High Pressure Containers Co., Ltd., an indirect subsidiary of the Company, (announcement no.: Lin 2017-031). During the process of transfer, the Company has published announcement(s) on the progress of transfer in strict compliance with the relevant listing rules. On 29 December 2017, the Company published the Announcement on the Progress of Transfer of Property Assets by Langfang Tianhai High Pressure Containers co., Ltd through Public Tender (announcement no.: Lin 2017-046). Up to present, such transaction was completed. Pursuant to the Company's strategic arrangement, it is proposed to commence the dissolution and liquidation procedures of Langfang Tianhai.

Effects on the Company:

The major products and equipment of Langfang Tianhai were transferred to Kuancheng Tianhai Pressure Vessel Manufacturing Co., Ltd. ("**Kuancheng Tianhai**") and Tianjin Tianhai High Pressure Containers Co., Ltd. ("**Tianjin Tianhai**") to achieve synchronized transfer of products productions. In October 2017, Langfang Tianhai transferred impact extruded cylinders to Kuancheng Tianhai which currently has production capability; in June 2017, Langfang Tianhai transferred wrapped cylinders to Tianjin Tianhai which currently has production capability as well. The Board is of the view that the dissolution and liquidation of Langfang Tianhai is in the best interests of the Company and the majority of the products and equipment of Langfang Tianhai were transferred to the subsidiaries within the scope of the Company's consolidated statements, thus no material impact will be brought to the consolidated statements of the Company. The remaining products and equipment will be utilized in accordance with the system of disposal of assets of the Company and it is expected that no material impact will be brought to the consolidated statements of the Company. Therefore, the dissolution and liquidation of Langfang Tianhai will not bring any material adverse impact to the Company. The Company will make further announcement(s) in due course in case of any material progress in relation to the dissolution and liquidation.

By order of the Board of
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
14 May 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.