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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 PROPOSED ACQUISITION OF EQUITY INTEREST BY
EXTERNAL INVESTMENT IN CASH
BY BEIJING TIANHAI INDUSTRY CO., LTD., A SUBSIDIARY OF THE COMPANY

The board of directors (the “Board”) of the Beijing Jingcheng Machinery Electric Company Limited (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.

Important notice:

- Shaanxi Aerospace Science and Technology Group Co., Ltd (陝西航天科技集團有限公司) (“Aerospace Science and Technology”) transferred its 10.91% equity interest (6,876,000 shares) held in Beijing Bolken Energy Technology Inc. (“Bolken Energy”) through public tender on China Beijing Equity Exchange (“CBEE”), with a listing price of RMB17.28 million.
- Beijing Tianhai Industry Co., Ltd. (“Beijing Tianhai”), a subsidiary of the Company intended to acquire 10.91% equity interest (6,876,000 shares) held by Aerospace Science and Technology in Bolken Energy by cash (“External Investment”).
- The External Investment was considered and approved at the sixth interim meeting of the ninth session of the Board of the Company. The External Investment is within the approval power of the Board and hence it is not required to obtain approval at the Company’s general meeting.
- The External Investment does not constitute a connected transaction nor a material asset reorganization of the Company.

- Special risk warning: The abovementioned equity transfer is subject to the process of public tender and success in bidding on CBEE and the result thereof is uncertain. Investors are advised to pay attention to the investment risks.

I. SUMMARY OF TRANSACTION

(I) Basic information of external investment

Pursuant to the public information available in CBEE, Aerospace Science and Technology proposed to transfer its 10.91% equity interest (6,876,000 shares) held in Bolken Energy through public tender on CBEE, with a listing price of RMB17.28 million.

Beijing Tianhai intended to acquire 10.91% equity interest (6,876,000 shares) held by Aerospace Science and Technology in Bolken Energy by cash, with transaction price is subject to the final successful bidding price thereof.

(II) Consideration and approval of the Board

The Resolution on Proposed Acquisition of Equity Interest by External Investment in Cash by Beijing Tianhai Industry Co., Ltd., a Subsidiary of the Company was considered and approved at the sixth interim meeting of the ninth session of the Board of the Company. It was resolved that Beijing Tianhai would participate in the External Investment and the management of the Company was authorized to execute relevant legal documents and handle matters related to the External Investment according to relevant laws and regulations.

The External Investment is within the approval power of the Board and hence it is not required to obtain approval at the Company's general meeting.

(III) The External Investment does not constitute a connected transaction nor a material asset reorganization of the Company.

II. BASIC INFORMATION OF THE TRANSFEROR

Name of transferor	Registered address	Type of economy	Company nature	Percentage of equity interest transfer
Aerospace Science and Technology	Building No. 2, Hangtian Technology (Material) Industrial Park, No. 32, Tuanjie South Road, High-tech Zone, Xi'an	State-owned economy	Limited liability company	10.91%

III. BASIC INFORMATION OF THE TARGET COMPANY

(I) Information of target company

Name of company: Beijing Bolken Energy Technology Inc.

Legal representative: Xu Huanen

Corporate nature: Private corporate

Security short name: Bolken Energy

Security code: 833077

Registered capital: RMB63,000,000.00

Date of establishment: 10 March 2005

Date of listing: 29 July 2015

Registered address: Room 1207, Block C2, Wanliuyicheng Building, No.11 Changchunqiao Road, Haidian District, Beijing

Scope of operation: Development, services, consultation and promotion of technologies; sales of machinery equipment; metal products processing, manufacturing of special machinery, industrial automatic control system devices, valve and faucet, automotive parts and accessories (excluding surface treatment operation); import and export of goods, technology and agency. (Business activities subject to approval according to laws shall be conducted according to the contents within the approvals by relevant authorities.)

As at 31 December 2017, the total assets of Bolken Energy amounted to RMB238,597,039.87, with net assets of RMB162,060,983.51, revenue of RMB121,583,184.33 and net profit of RMB11,377,188.63.

(II) Financial information and valuation of target company

Target equity

Valuation

100% equity interest in Bolken Energy

RMB158,244,200

(III) The ownership of the target equity is clear and is free from charges and other restrictions of transfer.

IV. IMPACTS OF EXTERNAL INVESTMENT ON THE COMPANY

If the transfer of equity interest under the External Investment is successful, it will further expand the Company's industrial layout and promote the synergic effect of its businesses. The External Investment will not prejudice the interests of the Company and its shareholders.

V. RISK ANALYSIS OF EXTERNAL INVESTMENT

The External Investment is subject to the process of public tender and success in bidding on CBEE and the result thereof is uncertain.

The Company will disclose the updated progress in a timely manner. Investors are advised to pay attention to the investment risks.

VI. DOCUMENT FOR FILING

The resolution of the sixth interim meeting of the ninth session of the Board.

The eleventh meeting of the ninth session of the board of supervisors.

Beijing Jingcheng Machinery Electric Company Limited

Wang Jun

Chairman

Beijing, the PRC

29 August 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.