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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 TENDERING RESULT
IN RELATION TO THE TRANSFER OF 10.91% EQUITY INTEREST IN
BEIJING BOLKEN ENERGY TECHNOLOGY INC. TO
BEIJING TIANHAI INDUSTRY CO., LTD.,
A SUBSIDIARY OF THE COMPANY**

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.

I. BASIC INFORMATION

Beijing Jingcheng Machinery Electric Holding Co., Ltd. (the “Company”) convened the sixth interim meeting of the ninth session of the Board on 29 August 2018 to consider and approve the Resolution on the Proposed Acquisition of 10.91% Equity Interest in Beijing Bolken Energy Technology Inc. by External Investment in Cash By Beijing Tianhai Industrial Co., Ltd., a Subsidiary of the Company. For details, please refer to the Voluntary Announcement on the Proposed Acquisition of Equity Interest by External Investment in Cash By Beijing Tianhai Industrial Co., Ltd., a Subsidiary of the Company published on Shanghai Securities News and the websites of Shanghai Stock Exchange (www.sse.com.cn) and the HKEx news website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) on 29 August 2018.

II. PROGRESS

On 15 August 2018 was the deadline for the public tender of the transfer of 10.91% equity interest (6,876,000 shares) in Beijing Bolken Energy Technology Inc. (“Bolken Energy”) held by Shaanxi Aerospace Science and Technology Group Co., Ltd. (“Aerospace Science and Technology”), and only attracted one intended transferee, Beijing Tianhai Industry Co., Ltd. (“Beijing Tianhai”). Pursuant to the requirements in the public tender announcement and trading regulations of China Beijing Equity Exchange, the transfer is required to be conducted by way of agreement. The 10.91% equity interest (6,876,000) shares held in Beijing Bolken will be transferred to the Company at the listing price of RMB17.28 million.

On 6 September 2018, Beijing Tianhai and Aerospace Science and Technology entered into an equity transfer agreement (the “Agreement”) in respect of the abovementioned equity transfer.

Key terms of the Agreement are as follows:

(1) Parties to the equity transfer

Transferor (Party A): Shaanxi Aerospace Science and Technology Group Co., Ltd.

Transferee (Party B): Beijing Tianhai Industry Co., Ltd.

(2) Target of the equity transfer

10.91% equity interest in Beijing Bolken held by Party A (the “Equity Transfer Target” or “Target Enterprise”).

(3) Way of equity transfer

The equity transfer under the Agreement was available for public tender on China Beijing Equity Exchange on 19 July 2018 and Party B, the only intended transferee thereof, will receive the Equity Transfer Target to be transferred under the Agreement according to laws.

As the Target Enterprise is a company listed on the National Equities Exchange and Quotations, the equity transfer is subject to the requirements of the Interim Measures of the National Equities Exchange and Quotations for the Agreement-based Transfer of Listed Companies’ Shares for Certain Matters and will comply with the agreement-based transfer of listed companies’ shares for specific matters of the National Equities Exchange and Quotations. In other words, both Party A and Party B shall submit a written application to the National Equities Exchange and Quotations Co. Ltd. (hereafter referred to “National Equity Transfer Company”) and China Securities Depository and Clearing Corporation Limited (hereafter referred to “CSDC”), and the transferor and transferee shall complete registration procedures at CSDC upon confirmation by National Equity Transfer Company.

(4) Consideration and payment method

Price of transfer:

According to the result of public tender, the Equity Transfer Target shall be transferred at RMB2.5131 per share, i.e. the total consideration of RMB17.28 million by Party A to Party B.

Currency denominated:

The above consideration is denominated in RMB.

Payment method of the transfer consideration:

Party B shall pay the consideration in one-off payment.

Payment time for the transfer consideration:

Party A and Party B shall make an application of agreement-based transfer of listed companies' shares for specific matters to National Equity Transfer Company within 10 working days after the effective date of the Agreement and Party B shall pay the transfer consideration within 10 working days upon receiving confirmation from National Equity Transfer Company.

(5) Approval and completion of the equity transfer

The transfer is required to be submitted to authorities for approval, Party A and Party B shall perform or assist to perform the reporting obligations to the authorities, and shall fulfill any reasonable requirements and enquiries raised by the authorities with their best-efforts in order to obtain approval of the authorities in respect of the Agreement and the equity transfer thereof.

Both Party A and Party B shall complete the registration procedures at CSDC within 5 working days after Party B settles the consideration.

(6) Liability for breach of contract

Upon the Agreement being effective, any party who proposes to terminate the Agreement without any reason shall pay 10% of the transfer consideration to other party as one-off liquidated damages in accordance with the Agreement and shall be liable for any losses suffered by the other party.

Where Party B fails to pay the transfer consideration within the agreed period under the Agreement, Party B shall pay Party A the liquidated damages for late payment. The liquidated damages shall be calculated according to the 0.05% of the transfer consideration payable within the overdue period. In case the overdue payment exceeding 30 days, Party A shall be entitled to terminate the Agreement and require Party B to pay 10% of the transfer consideration as liquidated damages according to the Agreement and compensate for any losses suffered by Party A and the Target Enterprise therein.

Where Party A fails to perform and complete relevant approval and equity transfer registration obligations according to the Agreement, Party B shall be entitled to terminate the Agreement and require Party A to pay 10% of the transfer consideration as liquidated damages.

Any undisclosed or omitted matters regarding the assets and liabilities of the Target Enterprise which may cause material and adverse impacts to the Target Enterprise or the equity transfer price, Party B shall have the right to terminate the Agreement and require Party A to pay 10% of the transfer consideration as liquidated damages according the Agreement.

If Party B does not intend to terminate the Agreement, it shall have the right to require Party A to compensate it regarding to relevant matters. The compensation amount shall be equal to the relevant portion of the losses incurred by the above undisclosed or omitted assets and liabilities of the Target Enterprise in the transfer.

(7) Amendments to, termination and effectiveness of the Agreement

The Agreement may be amended or terminated under mutual agreement by both parties.

One party may terminate the Agreement upon occurrence of any of the following:

- ✓ the objectives of the Agreement are frustrated due to force majeure or any reasons not attributable to both parties;
- ✓ the other party is incapable to fulfil the contractual obligations;
- ✓ the objectives of the Agreement are frustrated due to material breach of the Agreement by the other party;
- ✓ other circumstances of breach of contract by the other party as provided in the provision 11 of the Agreement.

Amendments to or termination of the Agreement shall be made in writing and filed to China Beijing Equity Exchange.

The Agreement shall take effect upon the date of signature and sealing by authorized representatives of both Party A and Party B.

(8) Management and dispute resolution

The acts of the Agreement and the equity transfer are governed by the laws of the People's Republic of China.

Any dispute arisen between the parties regarding interpretation or performance of the Agreement shall be resolved by both parties through negotiation. If the dispute cannot be resolved between both parties through negotiation, it shall be solved by the 2nd method below:

1. submitting to the arbitration commission for arbitration;

2. prosecution at the people's court at the Target Enterprise's locality (Beijing) according to laws.

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

Beijing, the PRC
6 September 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.