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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 OF RESOLUTIONS PASSED AT THE SIXTH MEETING  
OF THE NINTH SESSION OF THE BOARD OF DIRECTORS**

The Board of the Company 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.

Pursuant to the notice of meeting dated 15 October 2018, the sixth meeting of the ninth session of board of directors (the “**Board**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) was held at the conference room, Jingcheng Holding Mansion, Beijing on 29 October 2018. 11 directors of the Company are eligible for attending the meeting and 11 of them attended the meeting. The supervisors and senior management members of the Company also attended the meeting. The convening of the meeting was in compliance with the requirements of all applicable laws and the articles of association of the Company.

The meeting was presided over by the Chairman of the Company, Mr. Wang Jun, at which the following resolutions were considered and approved by the attending directors of the Company:

1. The 2018 Third Quarterly Report of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

2. The resolution in relation to the provision of loan of RMB25 million (the “**Financial Assistance**”) to Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, by Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder, was considered and approved. Details of which was set out in “Voluntary Announcement on the Financial Assistance provided by the Controlling Shareholder of the Company to the Company’s subsidiary Beijing Tianhai Industry Co., Ltd.”.

In order to support the development of the Company, Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“**Jingcheng Machinery Electric**”), the controlling shareholder of the Company, provides a loan of RMB25 million to Beijing Tianhai Industry Co., Ltd. (“**Beijing Tianhai**”), a subsidiary of the Company, for a term of one year. The loan bears interests at the one-year benchmark lending interest rate as determined by the People’s Bank of China. The Company will not provide corresponding security or guarantee over such Financial Assistance.

As Jingcheng Machinery Electric is the controlling shareholder of the Company, and Jingcheng Machinery Electric is the connected party of the Company, according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, such matter constitutes a connected transaction. According to the regulation of the Guidelines on the Shanghai Stock Exchange for the Listed Companies’ Postponement of and Exemption from Information Disclosure, such financial assistance does not have to apply to the Shanghai Stock Exchange. If certain self-exemption conditions are reached, the matter can be considered and disclosed by way of exempted-connected transaction.

The Financial Assistance constitutes a connected transaction 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 Financial Assistance has 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 Financial Assistance is more favourable than the unsecured loans which could be obtained by the Company from the licensed banks in the PRC; and (iii) the Financial Assistance is not secured by any asset of the Group, the Financial Assistance is fully exempted from shareholders’ approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

Mr. Wang Jun, Ms. Jin Chunyu, Mr. Du Yuexi, Mr. Xia Zhonghua, and Ms. Li Chunzhi, being connected directors, abstained from voting for this resolution. The number of valid votes for this resolution: 6; affirmative votes: 6; dissenting vote: 0; abstention vote: 0.

3. The resolution in relation to loan secured by properties and land of Tianjin Tianhai High Pressure Co., Ltd., an indirect subsidiary of the Company, was considered and approved.

Considering the current state of operation and capital needs, Tianjin Tianhai High Pressure Container Co., Ltd. (“**Tianjin Tianhai**”) hereby applies for the security of properties and land in its application for comprehensive credit line of RMB80 million from Tianjin Branch of Hua Xia Bank Co., Ltd., for a term of one year, which are used for replenishment of Tianjin Tianhai’s own working capital. The interest rate is subject to the approval of the bank.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

4. The resolution in relation to the provision of security guarantee by Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd., a subsidiary of the Company, with its housing and land resources in favor of Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, in its application for credit line from Bank of Beijing was considered and approved.

Considering the current state of operation and capital needs, Beijing Tianhai hereby applies for the provision of security guarantee by Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd., a subsidiary of the Company, with its housing and land resources in favor of Beijing Tianhai in its application for credit line of RMB80 million from Bank of Beijing, for a term of one year, which are used for replenishment of working capital for its subsidiaries. The interest rate is subject to the approval of the bank.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

5. The resolution in relation to the “Assets Disposal Management System” of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

6. The resolution in relation to the “Strategic Management System” of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

7. The resolution in relation to the “Investment Management System” of the Company was considered and approved.

The number of valid votes for this resolution: 11; Affirmative votes: 11; Dissenting vote: 0; Abstention vote: 0.

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

Beijing, the PRC  
29 October 2018

*As at the date of this announcement, the Board of the Company 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.*