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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)

INSIDE INFORMATION
INDICATIVE ANNOUNCEMENT ON PLANNING
NON-PUBLIC ISSUANCE OF A SHARES

The board of directors (the “**Board**”) of the Company and all members of the Board warrant that there are no false representations, misleading statement 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.

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 (Chapter 571 of the Laws of Hong Kong).

The Company is planning the matters of the Non-public Issuance of A Shares. As such matters still are facing great uncertainties, in order to ensure disclosure of information in a fair manner and safeguard the benefits of investors, the Company’s planning of the Non-public Issuance of A Shares is hereby announced as follows:

I. THE BASIC INFORMATION OF NON-PUBLIC ISSUANCE OF A SHARES

To further optimize its capital structure, seize market opportunities, enhance its sustainable profitability and capability to resist risks, the Company is planning the matters of the Non-public Issuance of A Shares. The number of shares to be issued in the Non-public Issuance of A Shares shall be determined by dividing the total proceeds to be raised over the issue price, and shall not exceed 20%, being 84,400,000 shares, of the total share capital of the Company prior to the Non-public Issuance of A Shares. The final issue size shall be subject to the number of issuance

approved by the China Securities Regulatory Commission. The proceeds to be raised from the Non-public Issuance of A Shares will be used in the Company's projects of Type IV cylinders, research and development of hydrogen, replenishment of working capital and repayment of debts, etc..

II. WHETHER THE NON-PUBLIC ISSUANCE OF A SHARES WILL CONSTITUTE A CONNECTED TRANSACTION

As the specific target subscribers of the Non-public Issuance of A Shares will be not more 10 specific target subscribers, including Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company ("**Jingcheng Machinery Electric**"), the Non-public Issuance of A Shares will constitute a connected transaction. Based on the existing planning, Jingcheng Machinery Electric will not increase its shareholding of more than 2%, and will have no obligation for making a mandatory general offer for all the Company's shares in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers as a result of the Non-public Issuance of A Shares.

Apart from Jingcheng Machinery Electric, other target subscribers include: securities investment fund management companies, securities companies, trust companies, finance companies, insurance institutional investors, qualified offshore institutional investors that meet the requirements of the China Securities Regulatory Commission and other qualified investors that meet the provisions of laws and regulations. A securities investment fund management company subscribing through over two funds managed by it will be regarded as one target subscriber. The subscription by trust companies may only subscribe with their own funds.

III. WHETHER THE NON-PUBLIC ISSUANCE OF A SHARES WILL CAUSE THE CHANGE IN THE CONTROL OF THE COMPANY

The total share capital of the Company is 422,000,000 shares, of which, 182,735,052 shares of the Company are held by Jingcheng Machinery Electric, the controlling shareholder and actual controller of the Company, representing 43.30% of total share capital of the Company.

There will be no change in the controlling shareholder and actual controller of the Company after the completion of the Non-public Issuance of A Shares.

IV. IMPORTANT RISK WARNINGS

1. There are uncertainties in the detailed plan of the Non-public Issuance of A Shares. The final detailed plan will be subject to the approvals of the Board and the general meeting of the Company and relevant competent authorities and regulatory authorities.
2. The plan and the feasibility on the proposal and use of proceeds of the Non-public Issuance of A Shares are currently under discussion and verification. There are uncertainties as to whether the Non-public Issuance of A Shares can be carried out, the Non-public Issuance of A Shares has risks of being suspended and terminated due to the reasons including but not limited to: failure

in obtaining the approval by the Board and the general meeting and approvals from relevant competent authorities and regulatory authorities for the Non-public Issuance of A Shares, the lapse on validity of the resolution in relation to the Non-public Issuance of A Shares, no suitable subscribers or the target subscribers mutually agree to terminate the issuance.

There are still uncertainties in the Non-public Issuance of A Shares and the Company will strictly protect the confidentiality of information based on the progress of the relevant matters and perform the obligation of information disclosure in strict compliance with the requirements of relevant laws and regulations, and will publish an announcement on the progress of such matters in a timely manner and disclose the detailed plan of the Non-public Issuance of A Shares as soon as practicable. Investors are reminded to pay attention to the relevant information to be published on the Company's designated media for information disclosure, being the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>), the Shanghai Securities News and the website of the HKExnews of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and be aware of investment risks.

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

Beijing, China
20 December 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.