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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
PRE-LISTING OF TRANSFERRING EQUITY INTEREST OF A SUBSIDIARY

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 intends to transfer its 51% interests in Shandong Tianhai High Pressure Containers Co., Ltd. (“**Shandong Tianhai**”) (the “**Equity Transfer**”) through a pre-listing (the “**Pre-Listing**”) on the China Beijing Equity Exchange (the “**CBEX**”).

This announcement of the Pre-Listing is only for information disclosure in advance, and does not constitute a transaction as defined under Chapter 14 of the Hong Kong Listing Rules. The transaction counterparty is still uncertain, no transaction contract has been signed, and no arrangement on performance has been made.

The Equity Transfer is not expected to be completed in the current year, and will not affect the Company's operating results for the current year.

I. OVERVIEW OF THE EQUITY TRANSFER

In order to promote the implementation of the Company's overall strategic layout, optimize resource allocation, and improve the operational efficiency of the Company's assets, the Company intends to transfer its 51% interests in its subsidiary, Shandong Tianhai, and to arrange a pre-listing on the CBEX in accordance with the relevant provisions of state-owned assets management. The base price of the Equity Transfer will be determined based on the evaluation results issued by the asset appraisal institution before the official listing of the Equity Transfer.

On 25 December 2018, the Company convened a Board meeting to consider and approve the Equity Transfer.

II. BASIC INFORMATION OF SHANDONG TIANHAI

Name of enterprise: Shandong Tianhai High Pressure Containers Co., Ltd.

Type of enterprise: other limited liability company

Legal representative: Chen Shaochun

Address of enterprise: Industrial Park, Hedong District, Linyi City, Shandong Province

Registered capital: RMB114,550,000

Business scope: Production of seamless gas cylinders (steel seamless gas cylinders only) and welding gas cylinders; sales of industrial gas cylinders and their accessories (for projects requiring approval according to law, the operating activities can be commenced according to the approved content after the approval of the relevant departments)

Shandong Tianhai is a subsidiary of the Company, in which the Company holds 51% interests through its controlling subsidiary Beijing Tianhai Industry Co., Ltd, and Shandong Yong'an Heli Steel Cylinder Co., Ltd. holds 49% interests.

Major financial data of Shandong Tianhai

Unit: RMB10,000

Major financial indicators	As at 30 April 2018	As at 31 December 2017
Total assets	26,860.51	26,979.68
Total liabilities	16,022.15	16,128.99
Owner's equity	10,838.36	10,850.70
	During the period	During the period
	January to April 2018	January to December 2018
Operating income	23,660.63	67,717.44
Net profit	-12.34	-662.39

The Company does not provide guarantee for or entrust its financial management in Shandong Tianhai. No fund of the Company is appropriated by Shandong Tianhai.

III. BASIC INFORMATION OF THE PRE-LISTING

This announcement of the Pre-Listing is only for information disclosure in advance, and does not constitute a transaction as defined under Chapter 14 of the Hong Kong Listing Rules. The transaction counterparty is still uncertain, no transaction contract has been signed, and no arrangement on performance has been made. The Company will subsequently fulfill its information disclosure obligations in a timely manner based on the progress of the Equity Transfer.

IV. THE OBJECTIVE OF THE EQUITY TRANSFER AND THE EFFECTS ON THE COMPANY

The Company intends to transfer its 51% interests in Shandong Tianhai according to the corporate development strategies. The Equity Transfer will help the Company to continue focusing on strategic areas, further optimize asset structure, and improve the operational efficiency of the Company's assets.

The Equity Transfer is not expected to be completed in 2018 and will not affect the Company's current operating results, but will have an impact on the Company's profits and losses in 2019. The specific amount will be measured according to the results of the subsequent formal listing and transfer.

V. RISK WARNINGS

The above matters of the Pre-Listing are only for information disclosure in advance, and do not constitute a transaction as defined under Chapter 14 of the Hong Kong Listing Rules. There are uncertainties in subsequent implementation. Investors are advised to pay attention to investment risks.

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

Beijing, the PRC
26 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.