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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 FINANCIAL ASSISTANCE PROVIDED BY
THE CONTROLLING SHAREHOLDER OF THE COMPANY
TO THE COMPANY'S SUBSIDIARY
BEIJING TIANHAI INDUSTRY CO., LTD.**

The board of directors (the "Board") of Beijing Jingcheng Machinery Electric Company Limited (the "Company", together with its subsidiaries, the "Group") and all members of the Board of the Company 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.

I. SUMMARY OF MATTERS RELATING TO RECEIVING THE FINANCIAL ASSISTANCE

(I) Basic information

Beijing Jingcheng Machinery Electric Holding Co., Ltd. ("**Jingcheng Machinery Electric**"), the controlling shareholder of the Company, provided a loan of RMB20 million (the "**Financial Assistance**") 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 the Financial Assistance.

(II) Consideration and approval

On 30 August 2019, the resolution of providing the Financial Assistance to Beijing Tianhai by Jingcheng Machinery Electric was considered and approved at the sixteenth extraordinary meeting of the ninth session of the Board.

On 30 August 2019, the resolution of providing the Financial Assistance to Beijing Tianhai by Jingcheng Machinery Electric was considered and approved at the twenty-fifth meeting of the ninth session of the Supervisory Committee.

(III) Exemption of connected transaction

Since Jingcheng Machinery Electric is the controlling shareholder of the Company, the Financial Assistance constitutes a connected transaction of the Company.

According to the regulation under the Guidelines on the Shanghai Stock Exchange for the Listed Companies' Postponement of and Exemption from Information Disclosure, such Financial Assistance is not required to apply for exemption from the Shanghai Stock Exchange. If the self-exemption conditions are met, 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.

II. BASIC INFORMATION OF JINGCHENG MACHINERY ELECTRIC:

1. Full name of the enterprise: Beijing Jingcheng Machinery Electric Holding Co., Ltd.
2. Legal representative: Ren Yaguang
3. Type of enterprise: limited liability company (wholly state-owned)
4. Registered address: 18/F, 59 Dong San Huan Zhong Lu, Zhaoyang district, Beijing
5. Registered capital: RMB2,044,687,082.96
6. Date of establishment: 8 September 1997
7. Registration number: 911100006336862176

Business scope: Labour dispatch; state-owned assets management within authorized scope; investment and investment management; property development, sale of real estate; property leasing; property management; technology transfer, technical training, technical consultation, technical services; sale of mechanical and electrical equipment (excluding vehicles); technology development. (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.)

III. EFFECTS ON THE COMPANY IN RELATION TO THE FINANCIAL ASSISTANCE PROVIDED BY JINGCHENG MACHINERY ELECTRIC

Jingcheng Machinery Electric provides the Financial Assistance to Beijing Tianhai to improve its cash flow. The Financial Assistance bears interests at the one-year benchmark lending interest rate as determined by the People's Bank of China. The Company will not provide any security or guarantee over such Financial Assistance, and such matter would not be against the interests of the Company and its shareholders, especially its minority shareholders.

IV. DOCUMENTS AVAILABLE FOR INSPECTION

The resolutions passed at the sixteenth extraordinary meeting of the ninth session of the Board of the Company;

The resolutions passed at the twenty-fifth meeting of the ninth session of the Supervisory Committee of the Company.

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

Beijing, the PRC
30 August 2019

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. 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.