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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)

**INDICATIVE ANNOUNCEMENT IN RELATION TO THE REDUCTION IN
SHAREHOLDING BY THE CONTROLLING SHAREHOLDER OF THE COMPANY**

The board of directors 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.

Important Notices:

- This change in equity interests belongs to the decrease of the shareholding, and does not involve offer and take overs.
- This change in equity interests does not involve the change of the controlling shareholder and the actual controller of the Company.

1. THE BASIC INFORMATION OF THE CHANGE OF EQUITY INTERESTS

On 7 May 2015, Beijing Jingcheng Machinery Electric Company Limited (the “Company”) has received a written notice from Beijing Jingcheng Machinery Electric Holding Co., Ltd (“Jingcheng Holding”), the controlling shareholder of the Company, which stated that:

Jingcheng Holding disposed a total of 10,000,000 A Shares which were not subject to trading moratorium of the Company, representing approximately 2.37% of the total share capital of the Company via the bulk-volume trading system of the Shanghai Stock Exchange on 6 May 2015.

Before the disposal of shares, Jingcheng Holding held 201,620,000 A Shares which were not subject to trading moratorium of the Company, representing approximately 47.78% of the total share capital of the Company; after the disposal of shares, Jingcheng Holding held 191,620,000 A Shares which were not subject to trading moratorium of the Company, representing approximately 45.41% of the total share capital of the Company.

2. THE FOLLOW-UP MATTERS INVOLVED

The change of equity interests mentioned-above will not result in change of the controlling shareholder and the actual controller of the Company, and does not involve follow-up matters such as disclosure of change of equity interests report, acquisition report summary and offer acquisition report summary.

3. DOCUMENTS AVAILABLE FOR INSPECTION

The written notice from Jingcheng Holdings in respect of the reduction of shareholding in Beijing Jingcheng Machinery Electric Company Limited.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC, 8 May 2015

As at the date of this announcement, the board of directors of the Company comprises Mr. Hu Chuanzhong, Mr. Li Junjie and Ms. Jiang Chi as executive directors, Mr. Xia Zhonghua as non-executive director and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.