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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 ON THE RESOLUTIONS PASSED AT  
THE THIRD EXTRAORDINARY MEETING OF THE NINTH SESSION  
OF THE BOARD OF DIRECTORS**

The Board 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.

Pursuant to the notice of meeting dated 13 October 2017, the third extraordinary meeting of the ninth session of the board of directors (the “Board”) of Beijing Jingcheng Machinery Electric Company Limited (the “Company”) was held on 17 October 2017 by way of telecommunication. All of the eleven eligible directors 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 Mr. Wang Jun, the Chairman of the Board, at which the following resolutions were considered and approved:

1. The resolution in relation to the application for a loan of RMB81.40 million by Langfang Tianhai High Pressure Containers Co., Ltd. (“Langfang Tianhai”), a subsidiary of the Company, to Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“Jingcheng Machinery Electric”), the controlling shareholder of the Company, was considered and approved.

In order to support the development of the Company, Jingcheng Machinery Electric provided a loan of RMB81.40 million to Langfang Tianhai for a term of one year. The loan bears interests at the benchmark one-year lending interest rate determined by the People’s Bank of China. The Company does not provide corresponding security or guarantee over such financial assistance.

As Jingcheng Machinery Electric is the controlling shareholder of the Company, and it is a 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 requirements of 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 abovementioned 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 abovementioned financial assistance has been entered into after arm's length negotiation between the Company and its subsidiaries (the "Group") and Jingcheng Machinery Electric and determined on normal commercial terms or better; (ii) the interest rate specified in the abovementioned 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 abovementioned financial assistance is not secured by any asset of the Group, the abovementioned 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. Number of valid votes for this resolution: 6; affirmative votes: 6; dissenting vote: 0; abstention vote: 0.

2. The resolution in relation to the application for a bridging loan of RMB30.00 million by Beijing Tianhai Industry Co., Ltd. ("Beijing Tianhai"), a subsidiary of the Company, to Jingcheng Machinery Electric was considered and approved.

In order to support the development of the Company, Jingcheng Machinery Electric provided a bridging loan of RMB30.00 million to Beijing Tianhai for a term of six months. The loan bears interests at the benchmark one-year lending interest rate determined by the People's Bank of China. The Company does not provide corresponding security or guarantee over such financial assistance.

As Jingcheng Machinery Electric is the controlling shareholder of the Company, and it is a 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 requirements of 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 abovementioned financial assistance constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, the Board considers that as (i) the abovementioned 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 abovementioned 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 abovementioned financial assistance is not secured by any asset of the Group, the abovementioned 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. Number of valid votes for this resolution: 6; affirmative votes: 6; dissenting vote: 0; abstention vote: 0.

3. The resolution in relation to the adjustment to other credit lines under the interbank credit of Beijing Tianhai was considered and approved.

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. ("Minghui Tianhai"), a subsidiary of the Company, with its housing and land resources in favor of Beijing Tianhai in its application for credit line from Bank of Dalian was considered and approved.

In view of the difficulty in securing bank credit due to the persistent loss-making position for recent years of Beijing Tianhai, and considering the current state of operation and capital needs of Beijing Tianhai, the Company hereby applies for the provision of security guarantee by Minghui Tianhai with its housing and land resources in favor of Beijing Tianhai in its application for credit line from Bank of Dalian. The accounts payable factoring facilities, not exceeding RMB70.00 million in total and for a term of one year, are used for replenishment of working capital for its subsidiaries. The interest rate is subject to the approval of the bank.

*The Board of*  
**Beijing Jingcheng Machinery Electric Company Limited**

Beijing, the PRC  
17 October 2017

*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.*