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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 IN RELATION TO THE RECEIPT OF FINANCIAL  
SUBSIDIES BY BEIJING TIANHAI INDUSTRY CO. LTD.,  
A SUBSIDIARY OF THE COMPANY**

The board of directors of the Company (the "Board") 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.

**I. BASIC INFORMATION OF THE GRANT**

In accordance with the spirit of the *Notice of Granting 2017 Capital Budget for National Capitals Operation* issued by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, Beijing Tianhai Industry Co., Ltd. ("Beijing Tianhai"), a subsidiary of Beijing Jingcheng Machinery Electric Company Limited (the "Company"), is entitled to the financial subsidies of RMB15,839,237.09 granted under the 2017 capital budget for national capitals operation, which will be utilised by Beijing Tianhai to solve historical problems. At present, Beijing Tianhai has received the abovementioned financial subsidies funds.

## II. TYPE OF THE GRANT AND ITS IMPACT ON THE COMPANY

According to the relevant requirements of *Accounting Standards for Business Enterprises No. 16 – Government Grants*, the abovementioned funds are related to revenue and non-recurring, and they are recognized in profit or loss for the current period as non-operating income in 2017 by the Company. However, the specific accounting treatment is subject to the results of audit confirmed by the accounting firm. Investors are advised to pay attention to the investment risks.

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

Beijing, the PRC  
29 December 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.*