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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)

COMPLETION OF THE NON-PUBLIC ISSUANCE OF A SHARES

The board of directors and all members of the board of directors of the Company warrant that this announcement does not contain any false information, misleading statement or material omission and accept joint and several responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

References are made to the circular of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) dated 27 June 2019 (the “**Circular**”) and subsequent announcements in relation to, among other things, the Proposed A Shares Issue. Unless otherwise specified, capitalized terms used herein have the same meanings as ascribed to them in the Circular.

The Board is pleased to announce that, on 9 July 2020, the Company has completed the non-public issuance of A Shares (the “**Non-public Issuance**”) and obtained the certificate of change of securities registration issued by the China Securities Depository and Clearing Company Limited (Shanghai Branch). The newly issued A Shares of the issuance are circulating shares subject to selling restriction, with a lock-up period of 36 months and will be listed and traded on the Shanghai Stock Exchange on the next trading day upon the expiry of the lock-up period.

Upon completion of the Non-public Issuance, the total number of Shares increased from 422,000,000 Shares to 485,000,000 Shares, and the total number of A Shares increased from 322,000,000 A Shares to 385,000,000 A Shares.

I. BASIC INFORMATION ON THE NON-PUBLIC ISSUANCE

Class of shares	:	Ordinary shares denominated in RMB (A Shares)
Number of shares issued	:	63,000,000 A Shares
Issue price	:	RMB3.41/A Share

The issue price of the Non-public Issuance is RMB3.41/A Share, the Pricing Benchmark Date is the first day of the issuance period, which is not less than 90% of the average trading price of the Shares of the Company during the 20 trading days preceding the Pricing Benchmark Date. Should there be any distribution of dividend, issue of bonus shares, conversion of capital reserve into share capital or other ex-right and ex-dividend event from the announcement date of the resolution of the Board to the issue date, the issue price will be adjusted accordingly.

Total proceeds	:	RMB214,830,000.00
Issuance expenses	:	RMB7,104,802.04 (tax exclusive)
Net proceeds	:	RMB207,725,197.96

II. RESULTS OF THE NON-PUBLIC ISSUANCE AND THE TARGET SUBSCRIBER

The number of shares issued under the Non-public Issuance is 63,000,000 A Shares, which is no more than the maximum of 84,400,000 A Shares as approved by the CSRC. There is one target subscriber which is in accordance with the relevant requirements of the “Measures for Administration of Issuance of Securities by Listed Companies” (《上市公司證券發行管理辦法》) and the “Implementation Rules for the Non-public Issuance of Shares by Listed Companies” (《上市公司非公開發行股票實施細則》). Details of the numbers of shares subscribed by the target subscriber and the subscription amount are as follows:

No.	Subscriber	Number of shares subscribed (A Shares)	Subscription amount (RMB)	Lock-up period (month(s))
1	Jingcheng Machinery Electricity	63,000,000	214,830,000	36
	Total	<u>63,000,000</u>	<u>214,830,000</u>	

The target subscriber of the Non-public Issuance, Jingcheng Machinery Electricity, is the controlling shareholder of the Company.

III. CHANGES IN THE TOP TEN SHAREHOLDERS OF THE COMPANY IMMEDIATELY BEFORE AND AFTER COMPLETION OF THE NON-PUBLIC ISSUANCE

(I) Shareholding of the top ten Shareholders of the Company before the issuance

As of 31 March 2020, top ten Shareholders of the Company and their shareholdings are as follows:

No.	Name of Shareholder	Number of shares held (<i>shares</i>)	Shareholding ratio (%)
1	Jingcheng Machinery Electricity	182,735,052	43.30
2	HKSCC NOMINEES LIMITED	99,307,147	23.53
3	Hong Kong Securities Clearing Company Limited	7,502,797	1.78
4	Hu Suhua	3,004,400	0.71
5	Yang Qing	1,749,300	0.41
6	Xu Zihua	1,708,100	0.40
7	He Yong	1,678,120	0.39
8	Huang Zhiping	1,643,368	0.39
9	Xu Rui	1,594,300	0.38
10	Li Changping	1,547,001	0.37
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		Total 302,469,585	71.66
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(II) Shareholding of the top ten Shareholders of the Company after the issuance and registration of newly issued shares

After the issuance and registration of the newly issued shares, as at 9 July 2020 (being the registration date of the shares under the Non-public Issuance), details of the shareholding of the top ten Shareholders of the Company are as follow:

No.	Name of Shareholders	Number of shares held (<i>shares</i>)	Shareholding ratio (%)
1	Jingcheng Machinery Electricity	245,735,052	50.67
2	HKSCC NOMINEES LIMITED	99,259,147	20.47
3	Li Qidong	2,062,090	0.42
4	Huang Zhiping	1,767,578	0.36
5	Xu Zihua	1,708,100	0.35
6	He Yong	1,678,120	0.35
7	Yang Qing	1,620,910	0.33
8	Xu Rui	1,594,300	0.33
9	Xu Jiali	1,589,800	0.33
10	Hong Kong Securities Clearing Company Limited	<u>1,568,258</u>	<u>0.32</u>
		Total	
		<u><u>358,583,355</u></u>	<u><u>73.93</u></u>

(III) Impact of the issuance on the control of the Company

Based on the simulation calculation of the registered Shareholders as of 31 March 2020 and the issuance information, changes in the capital structure of the Company before and after the issuance are as follows:

Nature of shares	Before the issuance		After the issuance	
	Number of shares (shares)	Percentage (%)	Number of shares (share)	Percentage (%)
Circulating shares subject to selling restriction	–	–	63,000,000.00	12.99
Circulating shares not subject to selling restriction	<u>422,000,000.00</u>	<u>100</u>	<u>422,000,000.00</u>	<u>87.01</u>
Total number of shares	<u><u>422,000,000.00</u></u>	<u><u>100</u></u>	<u><u>485,000,000.00</u></u>	<u><u>100</u></u>

Based on the simulation calculation of the registered Shareholders as of 31 March 2020 and the issuance information, the total share capital of the Company was 422,000,000 Shares before the issuance and the controlling shareholder of the Company, Jingcheng Machinery Electricity, held 182,735,052 Shares, accounting for 43.30% of the total share capital of the Company. After the issuance, shareholding percentage of the Company held by Jingcheng Machinery Electricity will reach 50.67%. Jincheng Machinery Electricity will have the absolute control over the Company.

IV. TABLE OF CHANGES IN THE CAPITAL STRUCTURE OF THE COMPANY BEFORE AND AFTER THE NON-PUBLIC ISSUANCE

Changes in the capital structure of the Company before and after the issuance are as follows:

Unit: share		Before the change	Number of shares of the change	After the change
Circulating shares subject to selling restriction	1. Shares held by state-owned legal persons	0	63,000,000	63,000,000
	2. Others	0	0	0
	Total number of circulating shares subject to selling restriction	<u>0</u>	<u>63,000,000</u>	<u>63,000,000</u>
Circulating shares not subject to selling restriction	A Shares	322,000,000	0	322,000,000
	H Shares	<u>100,000,000</u>	<u>0</u>	<u>100,000,000</u>
	Total number of circulating shares not subject to selling restriction	<u>422,000,000</u>	<u>0</u>	<u>422,000,000</u>
Total share capital		<u>422,000,000</u>	<u>63,000,000</u>	<u>485,000,000</u>

V. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Impact of the Non-public Issuance on asset structure

Upon the completion of the Non-public Issuance, the total assets and net assets of the Company will increase, the financial strength will be significantly enhanced, the debt-to-asset ratio will decrease, the risk management ability and solvency will be enhanced and the overall financial position will be optimized and improved.

(II) Impact of the Non-public Issuance on business structure

Upon completion of the Non-public Issuance, the scope of business of the Company will remain unchanged. The Non-public Issuance will enhance the Company's capital strength, improve the Company's capital structure, reduce the company's debt-to-asset ratio, enhance the Company's competitive strength, and promote the Company's sustainable and favourable development.

(III) Impact of the Non-public Issuance on corporate governance

Upon completion of the Non-public Issuance, share capital of the Company will increase accordingly. The Company will revise the relevant articles in relation to share capital in the Articles of Association in accordance with the actual issuance situation and proceed with the change of industrial and commercial registration. In addition to adjusting the registered capital and capital structure of the Company in the Articles of Association, there is no other adjustment plan for the time being. The Non-public Issuance has no material impact on corporate governance of the Company.

(IV) Impact of the Non-public Issuance on structure of senior management

Upon completion of the Non-public Issuance, members of the Board and senior management of the Company will remain stable. The Non-public Issuance has no impact on the senior management structure of the Company and there will be no material changes to the directors, supervisors and senior management of the Company as a result of the Non-public Issuance.

(V) Impact of the Non-public Issuance on connected transactions and competition within the same industry

Upon completion of the Non-public Issuance, neither will there be any change in the business relationship and management relationship between the Company and its connected persons, nor competition within the same industry. Should connected transactions arise in the future, the Company will carry out corresponding procedures in accordance with the laws and regulations, Articles of Association and the decision making principles on connected transactions to determine the price of the connected transactions in accordance with the principles of equality, openness and justice in order to ensure the fairness of the connected transactions and to protect the interests of the Company and of the unconnected Shareholders.

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

Beijing, the PRC
10 July 2020

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. Wu Yanzhang, Mr. Xia Zhonghua and Ms. Li Chunzhi as non-executive directors and Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive directors.

All the Directors jointly and severally accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any of the statements in this announcement misleading.