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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 REPLACEMENT OF THE SELF-RAISED FUNDS PRE-INVESTED  
IN INVESTMENT PROJECTS WITH RAISED FUNDS**

**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.**

**IMPORTANT NOTICE:**

The replacement of the self-raised funds pre-invested in investment projects with raised funds by Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) amounted to RMB26,821,768.00.

Such replacement of the self-raised funds pre-invested in investment projects with raised funds is in compliance with the requirement of conducting replacement within 6 months upon receipt of the raised funds.

**I. BASIC INFORMATION OF THE RAISED FUNDS**

As approved by the China Securities Regulatory Commission (the “**CSRC**”) in the “Approval in relation to the Non-public Issuance of Shares by Beijing Jingcheng Machinery Electric Company Limited” (Zheng Jian Xu Ke [2019] No. 2551), the Company shall non-publicly issue 63,000,000 shares of RMB ordinary shares (A shares), with the issue price of RMB3.41/share. The total proceeds amounted to RMB214,830,000, which after the deduction of issuance expenses (tax exclusive) of RMB7,104,802.04, the net proceeds amounted to RMB207,725,197.96. The above-mentioned net proceeds were received on 30 June 2020. ShineWing Certified Public Accountants LLP (Special General Partnership) had verified the funds placement of the Company’s non-public

issuance of shares, and issued the “Capital Verification Report” No. XYZH/2020BJA40505. In accordance with the “Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange (Revised in 2013)” (《上海證券交易所上市公司募集資金管理辦法(2013年修訂)》) and the relevant regulations, the Company deposited the raised funds in the designated accounts, and entered into the “Tripartite Custody Agreement relating to the Designated Accounts for the Raised Funds” with the sponsor and the bank for the deposit of raised funds.

## II. INFORMATION ON THE ISSUANCE OF APPLICATION DOCUMENTS FOR UNDERTAKING THE RAISED FUND INVESTMENT PROJECTS

In accordance with the investment plan for the raised funds disclosed in the “Proposal for the non-public issuance of A Shares of Beijing Jingcheng Machinery Electric Company Limited (3rd Revision)”, the proposed investment projects of the raised funds of the Company are as follows:

*Unit: RMB0'000*

No.	Name of the investment project	Total amount of investment in the project	Proposed investment amount of raised funds
1	Construction project of the Type IV cylinder automation digital control production line	5,200.00	5,200.00
2	Research and development project of hydrogen energy product	2,728.50	2,728.50
3	Repayment of debts owed to controlling shareholder and financial institutions	38,299.80	38,299.80
	Total	46,228.30	46,228.30

Prior to the placement of raised funds, the board of directors of the Company (the “**Board**”) considered and approved that, after the non-public issuance, the Board may, where appropriate, invest in the construction of the projects with the self-raised funds based on the market conditions and its actual conditions first, and conduct replacement upon receipt of the raised funds. If the amount of the actual net raised funds is less than the amount of raised funds intended to be used after the deduction of issuance expenses, the Company shall resort to its internal funds, bank loans or other sources.

Beijing Tianhai Industry Co., Ltd. (“**Beijing Tianhai**”), an indirect wholly-owned subsidiary of the Company, is the implementing entity of the investment projects. The Company intended to use the raised funds to inject capital into Beijing Tianhai for the construction of investment projects.

### III. INFORMATION ON SELF-RAISED FUNDS PRE-INVESTED IN INVESTMENT PROJECTS

Prior to the placement of the raised funds, in order to secure the smooth operation of the raised fund investment projects, the Company pre-invested with the self-raised funds. ShineWing Certified Public Accountants LLP (Special General Partnership) had verified the actual use of self-raised funds in the investment projects of the Company, and issued the “Verification Report on the Pre-investment in Raised Fund Investment Projects with Self-raised Funds of Beijing Tianhai Industry Co., Ltd.” No. XYZH/2020BJ40518. Upon auditing, as of 2 July 2020, the amount pre-invested by the Company in the raised fund investment projects with self-raised funds amounted to RMB26,821,768.00. Specific details are as follows:

*Unit: RMB Yuan*

No.	Name of the investment project	Actual net proceeds	Amount of pre-invested self-raised funds
1	Construction project of the Type IV cylinder automation digital control production line	52,000,000.00	26,821,768.00
2	Research and development project of hydrogen energy product	27,285,000.00	0.00
3	Repayment of debts owed to controlling shareholder and financial institutions	128,020,400.64	0.00
	Total	<u>207,305,400.64</u>	<u>26,821,768.00</u>

On 29 July 2020, the Company convened the third extraordinary meeting of the tenth session of the Board, at which the resolution in relation to the replacement of the self-raised funds pre-invested in investment projects with raised funds from the non-public issuance of shares was considered and approved. It was decided to use the raised funds from the non-public issuance of shares amounted to RMB26,821,768.00 to replace the self-raised funds pre-invested in the construction project of the Type IV cylinder automation digital control production line. Specific details are as follows:

*Unit: RMB Yuan*

No.	Name of the investment project	Amount of pre-invested self-raised funds	Amount of replacement
1	Construction project of the Type IV cylinder automation digital control production line	26,821,768.00	26,821,768.00
2	Research and development project of hydrogen energy product	0.00	0.00
3	Repayment of debts owed to controlling shareholder and financial institutions	0.00	0.00
	Total	<u>26,821,768.00</u>	<u>26,821,768.00</u>

#### **IV. THE PROCEDURES FOR APPROVAL OF THE BOARD AND REGULATORY REQUIREMENTS FOR THE REPLACEMENT OF PRE-INVESTED SELF-RAISED FUNDS WITH RAISED FUNDS**

On 29 July 2020, the Company convened the third extraordinary meeting of the tenth session of the Board, at which the resolution in relation to the replacement of the self-raised funds pre-invested in investment projects with raised funds from the non-public issuance of shares was considered and approved. It was agreed to use the raised funds of RMB26,821,768.00 to replace the pre-invested self-raised funds.

In the Company's replacement of the pre-invested self-raised funds with raised funds, there are no changes in the use of the Company's raised funds, the interests of Company and the shareholders, especially the small and medium shareholders, and the normal operation of the raised fund investment plans are not adversely affected. The time of replacement does not exceed 6 months from the receipt of the raised funds, which is in compliance with the regulatory requirements of the "No.2 Regulatory Guidance on Listed Companies – Regulatory Requirements for Management and Use of Raised Funds of Listed Companies" (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》) and the "Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange (Revised in 2013)" (《上海證券交易所上市公司募集資金管理辦法(2013年修訂)》).

## V. INFORMATION ON SPECIAL OPINIONS

### (I) Verification Report issued by the accounting firm

ShineWing Certified Public Accountants LLP (Special General Partnership) is of the view that, the “Special description on the pre-investment in raised fund investment projects by self-raised funds” formulated by the management of Beijing Tianhai has been prepared in accordance with the regulations of the “No.2 Regulatory Guidance on Listed Companies – Regulatory Requirements for Management and Use of Raised Funds of Listed Companies” (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》) of the CSRC and the “Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange (Revised in 2013)” (《上海證券交易所上市公司募集資金管理辦法(2013年修訂)》), and reflected the actual situation of the pre-investment in raised fund investment projects by self-raised funds of Beijing Tianhai in all material respects as of 2 July 2020.

### (II) Opinions from the sponsor

As verified, Zhong De Securities is of the view that, the matter of replacement of the self-raised funds pre-invested in raised fund investment projects with raised funds of the Company has undergone necessary review and approval procedures. The relevant resolution has been considered and approved at the third extraordinary meeting of the tenth session of the Board and the third meeting of the tenth session of the supervisory committee. The independent directors of the Company also expressed clear affirmative opinions. ShineWing Certified Public Accountants LLP (Special General Partnership) issued the “Verification Report on the Pre-investment in Raised Fund Investment Projects with Self-raised Funds of Beijing Tianhai Industry Co., Ltd.” (No. XYZH/2020BJ40518). The time of replacement of the raised funds of the Company does not exceed 6 months from the receipt of the raised funds, which is in compliance with the relevant laws and regulations, normative documents and requirements of the relevant systems of the Company. The replacement of raised funds of the Company does not affect the normal implementation of the raised fund investment projects. There are no changes in the intended use of raised funds and the interests of the shareholders are not adversely affected. Accordingly, the sponsor agreed with the Company on the replacement of the self-raised funds pre-invested in the raised fund investment projects with the raised funds.

### (III) Opinions of the independent directors

In accordance with the relevant regulations of the “No.2 Regulatory Guidance on Listed Companies – Regulatory Requirements for Management and Use of Raised Funds of Listed Companies” (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》), the “Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange” (《上海證券交易所上市公司募集資金管理辦法》) and the “Management System on the Use of Raised Funds of Beijing Jingcheng Machinery Electric Company Limited” (《北京京城機電股份有限公司募集資金使用管理制度》), all independent directors of the Company are of the view that, the Company’s replacement of the self-raised funds pre-invested in the investment projects with the raised funds from the non-public issuance of

shares is beneficial in lowering the financial expenses of the Company and enhancing the efficiency on the use of funds, which is in the interests of the shareholders as a whole. The replacement does not contradict with the implementation plan of the investment projects nor does it affect the normal implementation of the investment projects. There are no changes in the intended use of raised funds and the interests of the shareholders are not adversely affected. The replacement of the funds pre-invested in investment projects with raised funds by the Company was agreed.

#### **(IV) Opinions of the supervisory committee**

On 29 July 2020, the third meeting of the tenth session of the supervisory committee of the Company considered and approved the resolution in relation to the replacement of the self-raised funds pre-invested in investment projects with raised funds from the non-public issuance of shares. The supervisory committee of the Company is of the view that, in accordance with the relevant regulations of the “No.2 Regulatory Guidance on Listed Companies – Regulatory Requirements for Management and Use of Raised Funds of Listed Companies” (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》), the “Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange” (《上海證券交易所上市公司募集資金管理辦法》) and the “Management System on the Use of Raised Funds of Beijing Jingcheng Machinery Electric Company Limited” (《北京京城機電股份有限公司募集資金使用管理制度》), the Company’s replacement of the self-raised funds pre-invested in investment projects with the raised funds from the non-public issuance of shares will not contradict with the implementation plan of the investment projects, nor will it affect the normal implementation of the investment projects. There are also no changes in the intended use of raised funds and the interests of the shareholders are not adversely affected. With respect to the above, the replacement of the funds pre-invested in investment projects with raised funds by the Company was agreed.

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

Beijing, the PRC  
29 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.*