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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 PROGRESS OF THE
IMPLEMENTATION OF THE ASSET ACQUISITION BY WAY OF SHARE
ISSUANCE AND CASH PAYMENT AND RAISING OF SUPPORTING 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 responsibilities for the truthfulness, accuracy and completeness of the contents herein contained.

References are made to the circular dated 19 January 2021 (the “**Circular**”) and the subsequent announcements and the circular dated 7 February 2022 issued by Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) in relation to, among others, the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds. Unless stated otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Circular.

The Company intends to acquire 80% equity interest in Qingdao BYTQ United Digital Intelligence Co., Ltd.* (青島北洋天青數聯智能股份有限公司) (“**BYTQ**” or the “**Target Company**”) by way of share issuance and cash payment and at the same time the Company intends to raise supporting funds by way of non-public share issuance (the “**Transaction**”).

On 24 March 2022, the Company received the “Approval for the Asset Acquisition by way of Share Issuance and Raising of Supporting Funds by Beijing Jingcheng Machinery Electric Company Limited to Li Hong and Others” (Zheng Jian Xu Ke [2022] No.586) from the China Securities Regulatory Commission (the “**CSRC**”) and the Transaction was approved by the CSRC. For details, please refer to the “Announcement on Obtaining Approval for the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds from the CSRC” published by the Company on the website of the Shanghai Stock Exchange (the “**SSE**”) at www.sse.com.cn, the Shanghai Securities News, and the website of the Stock Exchange at www.hkexnews.hk.

Upon obtaining the approval for the Transaction from the CSRC, the Board of the Company has, pursuant to the authorization by the general meeting, actively organised arrangements for the implementation of the Transaction in strict compliance with the requirements under the relevant laws and regulations and the provisions of the relevant agreement in respect of the Transaction. As the implementation of the Transaction is yet to be completed, according to the relevant requirements under the “Administrative Measures for the Material Asset Reorganisations of Listed Companies”, the progress of the implementation of the Transaction of the Company is announced as follows:

I. MATTERS COMPLETED FOR THE IMPLEMENTATION OF THE TRANSACTION

As at the date of this announcement, the Company entered into the “Share Transfer Agreement” with Li Hong, a shareholder of BYTQ, pursuant to which Li Hong transferred 2,200,000 shares of BYTQ held by her to the Company. On 16 May 2022, BYTQ had changed its class of corporate registration from a joint stock company to a limited company and was renamed as Qingdao BYTQ United Digital Intelligence Co., Ltd.* (青島北洋天青數聯智能有限公司), and the relevant industrial and commercial registration procedures have also been completed.

II. MATTERS YET TO BE COMPLETED FOR THE IMPLEMENTATION OF THE TRANSACTION

In accordance with the requirements of the approval documents of the CSRC and the provisions of the proposal and transaction agreement of the Transaction, subsequent matters in relation to the Transaction are mainly as follows:

1. The counterparty shall cooperate with the Company in transferring the remaining portion of the 80% equity interest of BYTQ, being the target asset, to be held under the name of the Company;
2. The Company is required to settle the consideration for the Transaction by way of share issuance and cash payment to the counterparty and apply for registration and listing of new shares with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (the “CSDC”) and the SSE;
3. The Company is required to proceed with the share issuance in relation to the raising of supporting funds within the period of time as permitted by the CSRC and apply for the registration and listing of new shares with the CSDC and the SSE. The implementation of the asset acquisition by way of share issuance and cash payment is not subject to the success of the raising of supporting funds;
4. The Company is required to complete the registration or filing procedures with the competent industrial and commercial authorities for the change of registered capital and the amendments to the articles of association in relation to the Transaction;
5. The Company is required to engage an audit firm that complies with the requirements under the “Securities Law” to conduct a special audit on the profit and loss of the Target Company for the transitional period and to handle the matters according to the agreement;

6. Each of the relevant parties to the Transaction is required to continue to perform, among others, the relevant agreements of the Transaction and their relevant undertakings under the Transaction; and
7. The Company is required to fulfill its information disclosure obligations in accordance with the relevant laws and regulations and the relevant requirements of the CSRC and the SSE.

The Company is pressing ahead with various aspects of the Transaction and will disclose the progress of the implementation in a timely manner in accordance with the relevant regulations such as the “Administrative Measures for the Material Asset Reorganisations of Listed Companies”. Investors are advised to pay attention to the subsequent announcement(s) of the Company and be aware of investment risks.

By Order of the Board
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
24 May 2022

As at the date of this announcement, the Board of the Company comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive Directors, Mr. Wu Yanzhang, Mr. Xia Zhonghua, Ms. Li Chunzhi and Mr. Man Huiyong as non-executive Directors, and Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive Directors.

* *For identification purpose only*