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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)

**(1) COMPLETION ANNOUNCEMENT IN RELATION TO THE ACQUISITION
OF FURTHER INTEREST IN A JOINT VENTURE COMPANY**
**(2) CONTINUING CONNECTED TRANSACTIONS PURSUANT TO
RULE 14A.60(1) OF THE LISTING RULES**

**COMPLETION OF ACQUISITION OF FURTHER INTEREST IN A JOINT VENTURE
COMPANY**

References are made to the announcements dated 28 April 2022 and 23 May 2022 and the circular dated 10 May 2022 (the “**Circular**”) issued by Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) in relation to, among others, the project in respect of the acquisition by Beijing Tianhai Industry Co., Ltd.* (北京天海工業有限公司) (“**Tianhai Industrial**”), a subsidiary of the Company, of 2% equity interest of Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.* (北京京城海通科技文化發展有限公司) (“**Jingcheng Haitong**”) held by Beijing Nengtong Lease Company* (北京能通租賃公司) (“**Beijing Nengtong**”). Unless stated otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Circular.

The Company held the eighth meeting of the tenth session of the Board on 28 April 2022 and the 2021 annual general meeting on 9 June 2022, respectively, and the “Resolution of Beijing Tianhai Industry Co., Ltd. to Acquire 2% Equity Interest of Beijing Jingcheng Haitong Technology Culture Development Co., Ltd. held by Beijing Nengtong Lease Company” was considered and approved. The acquisition by Tianhai Industrial of 2% equity interest in Jingcheng Haitong held by Beijing Nengtong was approved, with the transfer price of RMB461,732. After the completion of the transaction, the registered capital of Jingcheng Haitong remains at RMB80 million, and the shareholders’ capital contribution and shareholding ratio of both parties changed as follows: Tianhai Industrial contributed RMB40.8 million for 51% shareholding, and Beijing Nengtong contributed RMB39.2 million for 49% shareholding, realising a 51% controlling interest of Tianhai Industrial in Jingcheng Haitong.

Jingcheng Haitong has recently completed the industrial and commercial registration procedures for the change of shareholders' capital contribution and shareholding ratio and the filing of the "Articles of Association", and has obtained a new business licence. The shareholders' capital contribution and shareholding ratio of Jingcheng Haitong changed as follows: Tianhai Industrial contributed RMB40.8 million for 51% shareholding, and Beijing Nengtong contributed RMB39.2 million for 49% shareholding.

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES

References are made to the announcement dated 4 September 2018 and the circular dated 28 September 2018 (the **"2018 Circular"**) issued by the Company in relation to, among others, the entering into of a lease agreement (the **"Lease Agreement"**) between Tianhai Industrial and Jingcheng Haitong, as well as the announcement dated 21 September 2020 and the circular dated 13 October 2020 issued by the Company in relation to, among others, the entering into of an agreement on the change of party of the lease (the **"Amendment Agreement"**) between Tianhai Industrial, Jingcheng Haitong and Beijing Jingcheng Machinery Electric Asset Management Co., Ltd.* (北京京城機電資產管理有限責任公司) (**"Asset Company"**) (a wholly-owned subsidiary of Jingcheng Machinery Electric) for replacing Tianhai Industrial with Asset Company as the lessor under the Lease Agreement.

After completion of the Acquisition, the Company through Tianhai Industrial holds 51% equity interest in Jingcheng Haitong. Accordingly, Jingcheng Haitong becomes a subsidiary of the Company. Since Jingcheng Machinery Electric is the controlling shareholder of the Company, Asset Company is a connected person of the Company. Therefore, the transactions contemplated under the Lease Agreement constitutes continuing connected transactions of the Company after completion of the Acquisition. The principal terms of the Lease Agreement (as amended by the Amendment Agreement) are disclosed in this announcement according to the requirements of Rule 14A.60(1) of the Listing Rules.

Date: 4 September 2018

Parties: Asset Company (as lessor)
Jingcheng Haitong (as lessee)

Property: 9 Tianying North Road, Chaoyang District, Beijing, the PRC.
The land area of the property stated in the State-owned Land Use Right Certificate is 87,541.76 sq.m., and the total gross floor area of the property stated in the Building Ownership Certificate is 45,143.62 sq.m..

Jingcheng Haitong agreed to rent the property on an "as is" basis after on-site examination of the property.

Use of property:	<p>(1) The property is for an integrated industrial park with transformation, construction and operation of technical innovations, cultural creativity and business office.</p> <p>(2) Jingcheng Haitong undertook to Asset Company that the property will be only used for the purposes specified in the Lease Agreement and in compliance with the regulations relating to land, use of building and property management in Beijing, the PRC.</p> <p>(3) Jingcheng Haitong guaranteed that the use of the property as stipulated in the Lease Agreement shall not be changed without authorisation during the term of lease. If the use of the property is adjusted, it shall comply with the relevant laws, regulations and policies, and shall be in line with the principle of best interests of both parties.</p>
Term of lease:	The term of lease of the property is 18 years (including rent-free period). The starting date of lease means the effective date of the Lease Agreement.
Rent and other expenses:	<p>(1) During the term of lease, the initial rent standard is RMB1.43/square metre/day.</p> <p>(2) The initial rent rate during the term of lease shall be increased by 5% from the previous year's rent rate every three years from the date of lease, that is, the rent rate for the fourth, fifth and sixth lease years should be increased by 5% based on the rent rate of the third lease year and so on for the subsequent term.</p> <p>(3) The rent is payable in advance for every three months by bank transfer or cheque or other payment methods. Payment shall be made within one week before the start of each three-month period for and shall not be later than the last business day of the previous three-month period. After Asset Company has delivered the property to Jingcheng Haitong and within the week before the end of the rent-free period, Jingcheng Haitong shall pay the rent of the Property for the first three months to Asset Company in one lump sum.</p>

The terms of the Lease Agreement and the initial rent standard during the term of lease were reached on an arm's length basis with reference to properties of similar size, similar land use, condition and facilities of the properties, comparable properties located in areas near Beijing city and the market rent of properties which have been transacted in the lease market recently at the time of entering into the Lease Agreement.

The initial rent standard during the term of lease shall be increased by 5% from the previous year's rent standard every three years from the date of lease. It was reached on an arm's length basis with reference to properties of similar size, comparable properties located in areas near Beijing city and the inflation rate of market rent of lease agreements with similar term of lease over the past five years.

Asset Company, a wholly-owned subsidiary of Jingcheng Machinery Electric, is principally engaged in asset management; property management; investment management; investment; leasing of properties (public transport, industry and transportation, office); providing public car park services; technology development, technical training, technical services; economic information consultation (excluding projects involving administrative permissions); involving in, producing, acting as agent for and publishing advertisement; providing meeting services, exhibition and display services, office services; designing and maintaining machinery and equipment (excluding projects involving administrative permissions); selling machinery and equipment (excluding small vehicles), computers, daily necessities, hardware and electrical equipment, building materials, handicrafts and auto parts.

Please refer to the 2018 Circular for other details of the Lease Agreement, including other provisions of the Lease Agreement, the reasons for and benefits of entering into the Lease Agreement and the opinion of the Board on entering into the Lease Agreement.

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

Beijing, the PRC
6 July 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