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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) TERMINATION OF PROPOSED NON-PUBLIC ISSUANCE OF A SHARES
AND
(2) TERMINATION AGREEMENTS

References are made to the announcements of the Company dated 16 November 2022 and 17 November 2022 relating to, among other things, the Non-public Issuance, the Share Subscription and the Potential Acquisition. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as defined in the announcement of the Company dated 16 November 2022.

I. TERMINATION OF PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

Since the release of the proposal of the Non-public Issuance, the Board, the management and relevant agency institutions of the Company have been actively promoting various works of the Non-public Issuance. Taking into account the capital market conditions and policy changes, as well as the business development plan of the Company, the Company decided to terminate the Non-public Issuance from the perspective of comprehensive and effective protection of the interests of small-and-medium investors, after prudent analysis and consideration by the Company.

The termination of the Non-public Issuance will not have any adverse impact on the production, operation and sustainable and stable development of the Company. It will not harm the Company and the Shareholders, especially the interest of minority Shareholders.

After a review of the related information by the independent non-executive Directors, they are of the view that the termination of the Non-public Issuance is in compliance with the relevant requirements of the Securities Laws, the Administrative Measures for the Issuance and Registration of Securities by Listed Companies (上市公司證券發行註冊管理辦法) and the Articles of Association of the Company, and is a prudent decision made after giving full consideration of various conditions and the circumstances of the Company, and does not adversely affect the normal operation and sustainable and stable development of the Company or harm the Company and the Shareholders, especially the interest of minority Shareholders.

II. TERMINATION AGREEMENTS

Share Subscription Agreement

On 24 July 2023, the Company and Jingcheng Machinery Electric entered into a termination agreement to terminate the Share Subscription Agreement. (the “**Subscription Termination Agreement**”). Pursuant to the Subscription Termination Agreement, all the terms of the Share Subscription Agreement shall be terminated with effect from the date of the Subscription Termination Agreement, all the rights and obligations thereunder shall be fully terminated and the Share Subscription Agreement shall cease to have any legally binding effect on the parties thereto.

As at the date of this announcement, Jingcheng Machinery Electric has not subscribed for any A Shares.

The Share Subscription Agreement is part of the Non-public Issuance. For the reasons mentioned in this announcement, the Company will not proceed with the Non-public Issuance, so it has decided to concurrently terminate the transactions contemplated under the Share Subscription Agreement.

The termination of the Share Subscription Agreement has no material adverse impact on the existing business or financial position of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Termination Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and the Subscription Termination Agreement is entered into in the ordinary and usual course of business of the Group.

Asset Acquisition Framework Agreement

On 24 July 2023, the Company and Jingcheng Machinery Electric entered into a termination agreement to terminate the Asset Acquisition Framework Agreement (the “**Acquisition Termination Agreement**”). Pursuant to the Asset Acquisition Termination Agreement, all the terms of the Asset Acquisition Framework Agreement shall be terminated with effect from the date of the Acquisition Termination Agreement, and the rights and obligations of all parties to the Asset Acquisition Framework Agreement shall be fully terminated. The parties thereto confirm that the Asset Acquisition Framework Agreement does not have any legally binding effect on them.

As no formal agreement is entered into by the Company and Jingcheng Machinery Electric, the Company has all along no legal obligation to purchase the equity interest in the Target Company.

The Asset Acquisition Framework Agreement is part of the Non-public Issuance. For the reasons mentioned in this announcement, the Company will not proceed with the Non-public Issuance, so it has decided to concurrently terminate the transactions contemplated under the Asset Acquisition Framework Agreement.

The termination of the Asset Acquisition Framework Agreement has no material adverse impact on the existing business or financial position of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition Termination Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and the Acquisition Termination Agreement is entered into in the ordinary and usual course of business of the Group.

III. LISTING RULES IMPLICATIONS

Jingcheng Machinery Electric is the controlling shareholder holding approximately 45.32% of the total issued Shares of the Company, and therefore Jingcheng Machinery Electric is a connected person of the Company under the Listing Rules. The Share Subscription constituted a connected transaction of the Company. As the Share Subscription was terminated pursuant to the Subscription Termination Agreement, part of this announcement is made pursuant to Rule 14A.35 of the Listing Rules.

None of the Directors has any material interest in the terminations of the Non-public Issuance, the Share Subscription Agreement and the Asset Acquisition Framework Agreement. Given that Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong and Ms. Li Chunzhi are Directors who are nominated by Jingcheng Machinery Electric and act as senior management in Jingcheng Machinery Electric and/or its subsidiaries other than the Group, they have abstained from voting on the Board resolution for approving the terminations of the Non-public Issuance, the Share Subscription Agreement and the Asset Acquisition Framework Agreement. Save and except for the aforesaid, no other Director has abstained from voting on such Board resolution.

IV. INFORMATION ON THE PARTIES

The Company's general scope of operation includes general logistics; professional contracting; developing, designing, selling, installing, adjusting and maintaining cryogenic containers, compressors (piston compressor, membrane compressor and membrane compressor of nuclear grading) and accessories; machinery equipment and electrical equipment; technical consultancy and technical services; import and export of commodities and technology and acting as import and export agency.

As at the date of this announcement, 245,735,052 Shares are held by Jingcheng Machinery Electric, the controlling shareholder of the Company, representing approximately 45.32% of total share capital of the Company. Jingcheng Machinery Electric is a state-owned enterprise incorporated in the PRC, its authorised scope of operation includes labor dispatching; management of state-owned assets within the scope of authorization; investment and investment management; real estate development, commodity housing sales; leasing of housing; property management; technology transfer, technical training, technical consulting, technical services; sale of machinery and electrical equipment (excluding automobiles); technology development. The ultimate beneficial owner of Jingcheng Machinery Electric is the Beijing SASAC.

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

Beijing, the PRC
24 July 2023

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Jiheng as executive director, Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong 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

* *For identification purpose only*