

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 INITIAL GRANT OF RESTRICTED SHARES TO PARTICIPANTS UNDER THE RESTRICTED SHARE INCENTIVE SCHEME

This announcement is made pursuant to Rules 17.06A, 17.06B and 17.06C of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

BACKGROUND

References are made to the announcement dated 24 March 2023 and circular dated 25 October 2023 (the “**Circular**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) in relation to, among others, the proposed adoption of the Restricted Share Incentive Scheme, the proposed adoption of the Jingcheng Management Measures, the proposed adoption of the Jingcheng Grant Scheme and the proposed authorization to the Board to handle the relevant matters related to the Restricted Share Incentive Scheme. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The Restricted Share Incentive Scheme and its relevant resolutions were considered and approved by the Shareholders at the EGM and Class Meetings convened on 13 November 2023. As eight Participants have resigned and are no longer qualified as Participants, and two Participants have their number of Restricted Shares granted reduced due to changes of job position, pursuant to the authorisation granted at the EGM and the Class Meetings, the Board has adjusted the number of Participants of the initial grant under the Restricted Share Incentive Scheme from 131 to 123 and the number of Restricted Shares under the initial grant from 6,384,400 shares to 5,880,000 shares (the “**Initial Grant**”). As the reduction in the number of shares under the Initial Grant resulted in the number of Restricted Shares under the reserved grant (the “**Reserved Grant**”) exceeding 20% of the total number of Restricted Shares proposed to be granted under the Restricted Share Incentive Scheme, the Reserved Grant had to be reduced from 1,596,100 shares to 1,470,000 shares at the same time. Accordingly, the total number of Restricted Shares proposed to be granted under the Restricted Share Incentive Scheme was adjusted from 7,980,500 shares to 7,350,000 shares.

The Board is pleased to announce that the conditions for the Initial Grant were fulfilled and determined that a total of 5,880,000 Restricted Shares will be granted to 123 Participants at a price of RMB7.33 per A Share on 14 November 2023.

INITIAL GRANT OF RESTRICTED SHARES TO PARTICIPANTS

The details of the Initial Grant are as follows:

Grant Date : 14 November 2023

Participants : The allocation of the Restricted Shares under the Initial Grant among the various Participants is set out in the table below:

| | | | Incentive amount (‘0,000 shares) | Percentage of the total number granted | Percentage of the total share capital |
|---|-----------------------------------|-------------------------------------|---|---|--|
| | Name | Position | | | |
| 1 | Zhang Jiheng | Executive Director, General Manager | 15.00 | 2.04% | 0.03% |
| 2 | Shi Fengwen | Chief Engineer | 10.00 | 1.36% | 0.02% |
| 3 | Feng Yongmei | Chief Finance Officer | 10.00 | 1.36% | 0.02% |
| 4 | Li Xianzhe | Chief Legal Adviser | 10.00 | 1.36% | 0.02% |
| 5 | Luan Jie | Secretary to the Board | 10.00 | 1.36% | 0.02% |
| | Other core staff (118 persons) | | 533 | 72.52% | 0.98% |
| | Total Initial Grant (123 persons) | | 588 | 80.00% | 1.08% |
| | Reserved Grant (30 persons) | | 147 | 20.00% | 0.27% |
| | Total (153 persons) | | 735 | 100.00% | 1.36% |

Number of the Restricted Shares under the Initial Grant : 5,880,000 Restricted Shares

Explanation of the difference between the actual number of grant and the proposed number of grant : As eight Participants have resigned and are no longer qualified as Participants, and two Participants have their number of Restricted Shares granted reduced due to changes of job position, pursuant to the authorisation granted at the EGM and the Class Meetings, the Board has adjusted the number of Participants of the Initial Grant under the Restricted Share Incentive Scheme from 131 to 123 and the number of Restricted Shares under the Initial Grant from 6,384,400 shares to 5,880,000 shares. As the reduction in the number of shares under the Initial Grant resulted in the Reserved Grant exceeding 20% of the total number of Restricted Shares proposed to be granted under the Restricted Share Incentive Scheme, the Reserved Grant had to be reduced from 1,596,100 shares to 1,470,000 shares at the same time.

Grant Price : RMB7.33 per A Share

Closing price of A Shares on the Grant Date : RMB12.44 per A Share

Vesting period : The Lock-up Period of the Restricted Shares granted to the Participants under the Restricted Share Incentive Scheme is 24 months from the Grant Date of the Restricted Shares to the Participants.

The Unlocking Periods of the Restricted Shares under the Initial Grant of the Restricted Share Incentive Scheme and the unlocking schedule of each period are set out below:

| Unlocking arrangement | Unlocking schedule | Proportion of the Restricted Shares to be unlocked to the total number of the Restricted Shares granted |
|------------------------------|---|--|
| First Unlocking Period | Commencing from the first trading day upon the expiry of 24 months from the date of the Initial Grant to the last trading day upon the expiry of 36 months from the date of the Initial Grant | 34% |
| Second Unlocking Period | Commencing from the first trading day upon the expiry of 36 months from the date of the Initial Grant to the last trading day upon the expiry of 48 months from the date of the Initial Grant | 33% |
| Third Unlocking Period | Commencing from the first trading day upon the expiry of 48 months from the date of the Initial Grant to the last trading day upon the expiry of 60 months from the date of the Initial Grant | 33% |

During the Lock-up Period, the Restricted Shares granted to the Participants under the Restricted Share Incentive Scheme are restricted from sale and cannot be transferred or used as security or for repaying debts. Shares acquired by the Participants as a result of capitalization of capital reserve, payment of share dividends, sub-division of shares, etc. in respect of the Restricted Shares granted which have not been released from restriction are also subject to lock-up under the Restricted Share Incentive Scheme.

After the release of the lock-up restriction, the Company will unlock the Restricted Shares for the Participants who have satisfied the Unlocking Conditions. The Restricted Shares held by the Participants who do not satisfy the Unlocking Conditions will be repurchased by the Company.

Performance targets : The performance targets for the unlocking of the Restricted Shares under the Initial Grant of the Restricted Share Incentive Scheme are as follows:

Performance appraisal at the Company level

Unlocking Period Performance targets

- | | |
|------------------------|---|
| First Unlocking Period | (1) The EOE of the Company in 2024 shall be no less than 7.97% and the growth rate of EOE in 2024 shall be no less than the average level of the industry based on the Company's EOE in 2021. |
| | (2) The year-on-year growth rate of operating revenue in 2024 shall be no less than 16% and no less than the average level of the industry. |
| | (3) Based on the revenue of the transformation and innovation category in 2021, the growth rate of revenue of the transformation and innovation category in 2024 shall be no less than 400%. |
| | (4) The proportion of research and development investment to operating revenue in 2024 shall not be less than 3.05%. |

Second Unlocking
Period

- (1) The EOE of the Company in 2025 shall be no less than 9.30% and the growth rate of EOE in 2025 shall be no less than the average level of the industry based on the Company's EOE in 2021.
- (2) The year-on-year growth rate of operating revenue in 2025 shall be no less than 16% and no less than the average level of the industry.
- (3) Based on the revenue of the transformation and innovation category in 2021, the growth rate of revenue of the transformation and innovation category in 2025 shall not be less than 450%.
- (4) The proportion of research and development investment to operating revenue in 2025 shall not be less than 3.10%.

Third Unlocking
Period

- (1) The EOE of the Company in 2026 shall be no less than 10.63% and the growth rate of EOE in 2026 shall be no less than the average level of the industry based on the Company's EOE in 2021.
- (2) The year-on-year growth rate of operating revenue in 2026 shall be no less than 16% and no less than the average level of the industry.
- (3) Based on the revenue of the transformation and innovation category in 2021, the growth rate of revenue of the transformation and innovation category in 2026 shall not be less than 500%.
- (4) The proportion of research and development investment to operating revenue in 2026 shall not be less than 3.15%.

Performance appraisal of the Participants at the individual level

The Participants are assessed on an annual basis pursuant to the Performance Management Regulations formulated by the Company and the various internal assessment systems of the Company, and the extent of unlocking for the Participants for the year is determined based on the results of the assessment.

In the event that the appraisal conditions for unlocking of the Restricted Shares at the Company level are met, the actual amount of Restricted Shares to be unlocked for a Participant in the year = unlocking ratio x the amount of Restricted Shares to be unlocked by the Participant in the year.

Individual unlocking ratios are determined by the results of the individual's performance appraisal. Different unlocking ratios apply to different performance appraisal results.

Individual performance appraisal score

| | 85 or above | 75-84 | 70-74 | Below 70 |
|-----------------|--------------------|--------------|--------------|-----------------|
| Unlocking ratio | 100% | 80% | 60% | 0 |

Note: The party building assessment is a negative indicator. If the Participant fails the party building assessment, his/her Restricted Shares shall not be unlocked.

As a result of failing to meet the performance target at the Company level or the assessment at the individual level, all or part of the Restricted Shares of the Participant that have not been unlocked for the current period shall not be unlocked or shall be deferred to the period that follows for unlocking, and shall be repurchased by the Company at the lower of the Grant Price and the market price at the time of repurchase. The "market price at the time of repurchase" represents the closing price of the Company's shares on the trading day preceding the date of consideration by the Board of the Company for the repurchase of the Restricted Shares of that Participant.

Clawback mechanism : The Restricted Share Incentive Scheme provides withdrawal channels for Participants who are no longer entitled to hold the Company's Restricted Shares due to transfer of job, dismissal, retirement, death, incapacity, resignation or other circumstances, with clearly defined withdrawal prices set under the respective circumstances. For further details of the clawback mechanism under the Initial Grant under each different circumstance, please refer to the section headed "XIII. MEASURES FOR CHANGES TO THE COMPANY AND PERSONAL CIRCUMSTANCES OF THE PARTICIPANTS" in the Letter from the Board of the Circular.

Financial assistance : The subscription of Restricted Shares by the Participants would be financed by their own funds. The Company and its subsidiaries would not provide loans, loan guarantees or any other form of financial assistance to the Participants to obtain Restricted Shares under the Restricted Share Incentive Scheme.

Pursuant to Rule 17.04(1) of the Listing Rules, the grant of Restricted Shares by the Company under the Restricted Share Incentive Scheme to the above Director was reviewed and approved by the independent non-executive Directors.

Save as disclosed above, none of the Participants is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates.

As at the date of this announcement, the number of Restricted Shares under the Reserved Grant is 1,470,000 shares according to the mandate limit under the Restricted Share Incentive Scheme and the reasons stated above.

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

Beijing, the PRC
14 November 2023

As at the date of this announcement, the Board 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.