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**北京京城机电股份有限公司**  
**Beijing Jingcheng Machinery Electric Company Limited**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 0187)**

**DISCLOSEABLE TRANSACTION  
SUPPLEMENTAL ANNOUNCEMENT ON  
DEEMED DISPOSAL IN RELATION TO THE CAPITAL INCREASE OF  
A WHOLLY-OWNED SUBSIDIARY**

Reference is made to the announcement dated 29 August 2025 (the “**Announcement**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”), in relation to (among others) the capital increase of Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.\* (“**Tianhai Hydrogen**”, a wholly-owned subsidiary of the Company) by way of introducing investors through public tender on the China Beijing Equity Exchange (“**CBEX**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

This announcement is intended to provide further information regarding the Deemed Disposal.

**MINIMUM PRICE OF CAPITAL INCREASE**

The minimum price of capital increase proposed by the Company in the public tender documents was no less than the appraised value that has been submitted and filed. The value of the entire equity interest in Tianhai Hydrogen on the Benchmark Date (the “**Appraised Assets**”) was approximately RMB806 million. The valuation of the value of the entire equity interest in Tianhai Hydrogen as at the Benchmark Date was conducted by an independent valuer, Pan-China Appraisal Co., Ltd. (the “**Valuer**”), in accordance with the Chinese Valuation Standards. Details are as follows:

Methodology and approaches as considered and selected : In determining the value of the Appraised Assets, the Valuer has considered three generally accepted approaches: namely the income approach, the asset-based approach and the market approach, respectively.

Basis of the adoption of  
valuation approaches

: Income approach

The income approach is based on the expected utility theory in economics, where the value of an enterprise to investors represents the anticipated income it can generate in the future. Given that the historical operating data of Tianhai Hydrogen has consistently recorded losses over the past two years, its current production capacity has not been fully utilized, the data of future projections are largely susceptible to both internal and external operating conditions, it is anticipated that the future profitability and future earnings of Tianhai Hydrogen will be subject to substantial uncertainty. Consequently, the Valuer considers that the income approach is not applicable to this case.

Asset-based approach

The asset-based approach is a valuation methodology based on balance sheets, being adopted for reasonably assessing the values of both on-balance-sheet and off-balance-sheet assets and liabilities of enterprises to determine the values of the valuation subjects. Tianhai Hydrogen can provide, and the Valuer can also gather external information to fulfil the requirements of the asset-based approach, which enables a comprehensive investigation and valuation on the assets and liabilities of Tianhai Hydrogen. Consequently, the Valuer considers that the asset-based approach is applicable.

Market approach

The market approach refers to the collective term for various valuation techniques and approaches that utilise recent transaction prices of identical or similar assets in the market, while employing direct comparison or analogy analysis to estimate the values of assets. Two specific methods commonly used under the market approach are the listed company comparison and the transaction case comparison.

The listed company comparison involves various specific methods of obtaining and analysing the operational and financial data of comparable listed companies, calculating appropriate value ratios, and determining the values of the valuation subjects based on comparative analysis with the appraised entities.

The transaction case comparison involves various specific methods of obtaining and analysing the information on cases of dealings, acquisitions and mergers of comparable enterprises, calculating appropriate value ratios, and determining the values of the valuation subjects based on comparative analysis with the appraised entities.

Given that there are recently relatively few comparable transactions involving businesses similar to those of Tianhai Hydrogen, coupled with the difficulty in gathering publicly available data and information, the Valuer has selected the listed company comparison as the specific method for the valuation when using the market approach.

Valuation conclusion : Although the Valuer considers both the asset-based approach and the market approach applicable, the asset-based approach fails to encompass the customer base, human resources, and other assets of Tianhai Hydrogen. Moreover, as a technology-driven enterprise, Tianhai Hydrogen operates in an industry where relevant enterprises are presently developing rapidly, and its asset scale is gradually expanding.

Following the investigation and analysis on the financial position of Tianhai Hydrogen, and considering the subject and purpose of valuation, as well as the applicable types of value, the Valuer determines through comparative analysis that the valuation conclusion under the market approach provides a more comprehensive and reasonable reflection of the market value of Tianhai Hydrogen. Accordingly, the Valuer adopts the appraised value under the market approach as the final valuation conclusion.

Models of the estimated values under market approach : The Valuer conducts analyses and adjustments for differences shown in the following aspects, thereby determining the market value of equity interest in Tianhai Hydrogen as at the Benchmark Date after taking into account the liquidity discount:

1. The listed companies with similar or related principal businesses shall be selected as comparable companies.
2. Relevant financial data shall be collected from comparable companies for conducting in-depth analysis. The comparative analysis shall be made on Tianhai Hydrogen with comparable companies across four dimensions: profitability, growth potential, operation competence, and solvency.

3. The value ratios employed in the valuation under the market approach primarily comprise two categories: the total investment value ratio and the equity investment value ratio, of which, the total investment value ratio generally includes: Enterprise Value (EV)/S, EV/EBITDA, and EV/Net Operating Income After Tax (NOIAT). The typical equity investment value ratio generally includes Price/Earnings (P/E) and Price/Book (P/B).

Considering the current rapid expansion of Tianhai Hydrogen in the application of hydrogen energy to its corporate products, alongside the differences in capital structure compared to its comparable companies and its current loss-making status, the Valuer adopts the enterprise value-to-sales (“**EV/S**”) as the indicator of value ratio based on sales revenue.

4. Comparative analysis between Tianhai Hydrogen and comparable companies shall be conducted by comprehensively considering metrics including profitability, asset quality, debt risk, and operational growth.
5. As Tianhai Hydrogen is a non-listed company, its equity interest carries a certain liquidity discount as compared to listed companies. The Valuer adopts put options as protective methods to determine this liquidity discount.
6. The Valuer shall multiply the results of value ratios obtained above by the indicators of earnings of Tianhai Hydrogen to calculate the corporate EV. After deducting interest-bearing debts, excluding minority interests, considering liquidity discount, adding non-operating assets, subtracting non-operating liabilities, and adding surplus assets, the value of equity interest of shareholders in Tianhai Hydrogen shall be determined.

During the estimation, the Valuer shall conduct on-site investigation, including verification of the authenticity and legitimacy of the valuation subject, as well as survey on the actual condition of assets, the composition of tangible asset values and business development, as well as production and operational conditions, such as revenue and costs of the enterprise.

Valuation analysis under the market approach : Tianhai Hydrogen’s products belong to the pressure vessel category and the markets in which the products are applied involve hydrogen storage in vehicles and natural gas in vehicles. In the course of the valuation, the Valuer selected comparable companies with listing history of at least one year and similar business, and finally selected Zhangjiagang Furui Specialty Equipment Co., Ltd. (“**Furui Specialty**”) (stock code: 300228, Shenzhen Stock Exchange), Changchun Zhiyuan New Energy Equipment Co., Ltd. (“**Zhiyuan New Energy**”) (stock code: 300985, Shenzhen Stock Exchange) and Sichuan Shudao Equipment & Technology Co., Ltd. (“**Shudao Equipment**”) (stock code: 300540, Shenzhen Stock Exchange) as comparable companies.

The Valuer took the following steps to calculate the appraised value:

1. The Valuer calculated the EV/S ratio before adjustment of the comparable companies:

Item	EV/S
Furui Specialty	1.10
Zhiyuan New Energy	3.70
Shudao Equipment	3.91

2. The Valuer simulated the value multiplier of 2.64 for Tianhai Hydrogen by revising the data of financial indicators and value multipliers of comparable companies.

Item Name	Furui Specialty	Zhiyuan New Energy	Shudao Equipment	Average
EV/S before revision	1.10	3.70	3.91	2.90
Adjustment factor	0.76	0.95	0.91	0.87
Revised EV/S	0.84	3.52	3.55	2.64

3. A. The value multiplier of 2.64 for Tianhai Hydrogen was multiplied by the audited consolidated operating revenue of Tianhai Hydrogen for the year ended 31 December 2024 of RMB337,524,700 to arrive at the EV of Tianhai Hydrogen;
- B. EV was deducted by minority interests: as at the Benchmark Date, the minority interests of Tianhai Hydrogen amounted to RMB10,139,400;
- C. Interest-bearing liabilities were further deducted, including Tianhai Hydrogen's short-term and long-term borrowings, non-current liabilities due in one year and interest of RMB195,251,400;
- D. The lack of liquidity discount was further deducted: the liquidity discount for restricted shares was 25.96%; and
- E. Net non-operating assets of RMB298,013,100 were added, and the value of the entire equity interest of shareholders was RMB806,000,000 after the above estimation and calculation.

Valuation assumptions

- : In determining the appraised values, the Valuer has made major assumptions as follows:
1. All assets to be appraised are already in the process of transaction.
  2. There shall be a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have opportunity and time to acquire sufficient market information.
  3. Assets in use shall continue to be utilised.
  4. Tianhai Hydrogen, as the operating entity, shall continue its operations under the external environment in which it is based in accordance with its business objectives.

5. There shall be no significant changes in the prevailing national laws, regulations, policies, or the macroeconomic environment in the country.
6. The operator of Tianhai Hydrogen shall be responsible, and the management shall be capable of fulfilling their duties.
7. Tianhai Hydrogen shall fully comply with all relevant laws and regulations.
8. Tianhai Hydrogen shall align the scope and method of its operations with the current direction based on existing management practices and standards.
9. The financial reports and transaction data of comparable companies relied upon by the Valuer shall be true and reliable.
10. The relevant fundamental and financial information provided by Tianhai Hydrogen shall be true, accurate and complete.

In light of the foregoing, and given that the Valuer conducted the valuation in accordance with the China Valuation Standards, the Board considers that the valuation approach adopted and the conclusions reached by the Valuer are fair and reasonable.

## **PROCEDURES OF PUBLIC TENDER**

On 15 July 2025, in order to solicit potential investors, Tianhai Hydrogen formally disclosed the information regarding its capital increase at CBEX, which included (but not limited to) (i) the basic information of Tianhai Hydrogen; and (ii) qualifications of potential investors and conditions for capital increase. In general, the announcement period shall be within twenty working days after the date of the tender notice or such longer period as permitted by CBEX. During the announcement period, qualified investors may submit applications to CBEX.

The public tender period ended on 19 August 2025, and CBEX informed Tianhai Hydrogen of the identities of the potential investors that have been solicited. As all of the eight prospective Investors who submitted their applications to CBEX have satisfied the anticipated objectives and requirements of Tianhai Hydrogen for introducing investors, and the total submitted amount for the capital increase amounted to RMB290 million, being less than the maximum amount of the proposed capital increase of RMB300 million and in line with the conditions of capital increase to be satisfied and particulars of the proposal of capital increase, therefore all Investors were approved by Tianhai Hydrogen and CBEX as qualified investors.

As the total consideration amount of the Deemed Disposal represents a premium of approximately 35.98% to the value of approximately 26.46% equity interest in Tianhai Hydrogen as at the Benchmark Date, the Board considers that the total consideration is fair and reasonable, on normal commercial terms, and in the interests of the Company and shareholders as a whole.

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

Beijing, the PRC  
9 September 2025

*As at the date of this announcement, the Board comprises Mr. Zhang Jiheng as an executive Director, Mr. Li Junjie, Mr. Wang Kai, Mr. Zhou Yongjun, Mr. Zhao Xihua, Mr. Man Huiyong and Ms. Li Chunzhi as non-executive Directors, and Ms. Chen Junping, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive Directors.*

\* *For identification purposes only*