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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)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO
GAS CYLINDER PIPE SALE AND PURCHASE FRAMEWORK AGREEMENT**

The Board wishes to announce that on 3 March 2014, Tianjin Tianhai, a subsidiary of the Company, entered into the Gas Cylinder Pipe Sale and Purchase Framework Agreement with Tianjin Pipe, pursuant to which Tianjin Tianhai will purchase gas cylinder pipes from Tianjin Pipe for a term of one year commencing 1 January 2014 to 31 December 2014 with a cap of RMB300,000,000.

As at the date of this announcement, Tianhai Seamless is a controlling shareholder of Tianjin Tianhai holding 45% interest in Tianjin Tianhai. Both Tianhai Seamless and Tianjin Pipe are the wholly-owned subsidiaries of Tianjin Pipe Group. Therefore, Tianjin Pipe is an associate of Tianjin Seamless and also a connected person of the Company under Chapter 14A of the Listing Rules. Since the Gas Cylinder Pipe Sale and Purchase Framework Agreement shall be carried out on a continuing basis and is expected to extend over a period of time, the Gas Cylinder Pipe Sale and Purchase Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Gas Cylinder Pipe Sale and Purchase Framework Agreement are more than 5%, the Gas Cylinder Pipe Sale and Purchase Framework Agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, inter alia, details of (i) further information on the Gas Cylinder Pipe Sale and Purchase Framework Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders with respect to the Gas Cylinder Pipe Sale and Purchase Framework Agreement; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Gas Cylinder Pipe Sale and Purchase Framework Agreement; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or about 25 March 2014.

BACKGROUND

On 3 March 2014, Tianjin Tianhai entered into the Gas Cylinder Pipe Sale and Purchase Framework Agreement with Tianjin Pipe. Particulars of the Gas Cylinder Pipe Sale and Purchase Framework Agreement are set out below:

Date:

3 March 2014

Parties:

- (1) Tianjin Pipe as the vendor
- (2) Tianjin Tianhai as the purchaser

Term:

A term of one year commencing from 1 January 2014 to 31 December 2014.

Subject matter:

Tianjin Pipe agreed to sell and Tianjin Tianhai agreed to purchase gas cylinder pipes in accordance with the provisions of the Gas Cylinder Pipe Sale and Purchase Framework Agreement.

Material terms:

Tianjin Pipe shall supply the gas cylinder pipes with quality that meets the national standards, industry standards and the technological standards as agreed by Tianjin Tianhai and Tianjin Pipe. Tianjin Pipe shall provide certificate of quality guarantee of the gas cylinder pipes to Tianjin Tianhai.

Price and payment terms of the gas cylinder pipes:

Since Tianjin Tianhai is the biggest direct client of Tianjin Pipe, it can enjoy the most favourable pricing policy of Tianjin Pipe. Such price shall be determined on an arm's length basis between Tianjin Tianhai and Tianjin Pipe, the actual price and quantity of gas cylinder pipes shall be determined by individual agreement to be entered into between Tianjin Tianhai and Tianjin Pipe every month. On or before the 18th day of every month, Tianjin Tianhai shall send the preliminary demand plan of gas cylinder pipes for the following month to Tianjin Pipe. Tianjin Pipe shall then provide the pricing policy of the gas cylinder pipes on or before the 25th day of every month. On or before the 30th day of every month, an individual agreement shall be entered into between Tianjin Tianhai and Tianjin Pipe in accordance with the demand plan and pricing level. 50% of the consideration of the gas cylinder pipes purchased in the current month shall be paid on or before the 20th day of every month and the remaining 50% of the consideration shall be paid at the end of every month by Tianjin Tianhai.

Proposed annual cap and basis of determination

The annual cap of the continuing connected transactions contemplated under the Gas Cylinder Pipe Sale and Purchase Framework Agreement for one year ending 31 December 2014 is estimated to be RMB300,000,000.

The Gas Cylinder Pipe Sale and Purchase Framework Agreement is a new agreement. The above annual cap is determined with reference to the anticipated quantity of gas cylinder pipes to be purchased by Tianjin Tianhai and the estimated market price of pipes.

Reasons for and benefits of entering into the Gas Cylinder Sale and Purchase Framework Agreement

As the long-term cooperation partner of the Group, Tianjin Pipe guarantees the product supply and the quality of products, and the price of gas cylinder pipes remained at a lower level within the country. Meanwhile, with the proximity between Tianjin Pipe and the Group, it saves the transportation costs, reduces the product costs and enhances the market competitiveness of the products.

The Directors (excluding the independent non-executive Directors whose views will be based on the advice of the independent financial adviser) are of the view that the transactions contemplated under the Gas Cylinder Pipe Sale and Purchase Framework Agreement will be conducted in the ordinary and usual course of business of the Group, and on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

None of the Directors have a material interest in the transactions contemplated under the Gas Cylinder Pipe Sale and Purchase Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Tianhai Seamless is a controlling shareholder of Tianjin Tianhai holding 45% interest in Tianjin Tianhai. Both Tianhai Seamless and Tianjin Pipe are the wholly-owned subsidiaries of Tianjin Pipe Group. Therefore, Tianjin Pipe is an associate of Tianjin Seamless and also a connected person of the Company under Chapter 14A of the Listing Rules. Since the Gas Cylinder Pipe Sale and Purchase Framework Agreement shall be carried out on a continuing basis and is expected to extend over a period of time, the Gas Cylinder Pipe Sale and Purchase Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Gas Cylinder Pipe Sale and Purchase Framework Agreement are more than 5%, the Gas Cylinder Pipe Sale and Purchase Framework Agreement is subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Gas Cylinder Pipe Sale and Purchase Framework Agreement and the transactions contemplated thereunder. An independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders regarding the Gas Cylinder Pipe Sale and Purchase Framework Agreement and the transaction contemplated thereunder.

A circular containing, inter alia, details of (i) further information on the Gas Cylinder Pipe Sale and Purchase Framework Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders with respect to the Gas Cylinder Pipe Sale and Purchase Framework Agreement; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Gas Cylinder Pipe Sale and Purchase Framework Agreement; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or about 25 March 2014.

GENERAL

The Company is principally engaged in research and development, manufacture and sale of compressed gas cylinders, gas compressors and related equipment.

Tianjin Tianhai is principally engaged in the design, production and sales of high pressure containers and after-sales services; export of self-produced products and technologies of the Company and the import of machinery and equipment, components, raw and auxiliary materials and technologies as required by the Company, except for the products and technologies restricted by the State or those forbidden for exports and imports.

Tianjin Pipe is principally engaged in the sales of steel pipes, metal products, metal materials, billets, steel boiler materials and minerals (except coal). For special projects of the State, operations are implemented according to the requirements, and business operations involving industry licensing are carried out according to the permits and approval documents.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meaning set out below:

“Board”	the board of Directors
“Company”	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 PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange

“connected person”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering, inter alia, approving the Gas Cylinder Pipe Sale and Purchase Framework Agreement and the transactions contemplated thereunder
“Gas Cylinder Pipe Sale and Purchase Framework Agreement”	a sale and purchase agreement (氣瓶管購銷框架合同) entered into by Tianjin Tianhai and Tianjin Pipe on 3 March 2014 in relation to the sale and purchase of gas cylinder pipes
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jingcheng HK”	Jingcheng Holding (Hong Kong) Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Jingcheng Holding
“Jingcheng Holding”	北京京城機電股份有限公司 (Beijing Jingcheng Machinery Electric Holding Co., Ltd.), a company incorporated in the PRC and holding 100% interest in Jingcheng HK and 47.78% interest in the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Zhang Shuangru, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu, which has been established by the Company to advise the Independent Shareholders on the Gas Cylinder Pipe Sale and Purchase Framework Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders who are not required to abstain from voting at the EGM to be convened for the purposes of approving the Gas Cylinder Pipe Sale and Purchase Framework Agreement under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianhai Industrial”	北京天海工業有限公司 (Beijing Tianhai Industry Co., Ltd.), a limited liability company established in the PRC and is 100% owned by the Company
“Tianjin Pipe”	天津鋼管鋼鐵貿易有限公司 (Tianjin Pipe Steel Trade Co., Ltd.), a company incorporated in the PRC and is 100% wholly owned by Tianjin Pipe Group
“Tianjin Pipe Group”	天津鋼管集團股份有限公司 (Tianjin Pipe Group Co., Ltd.), a company incorporated in the PRC
“Tianjin Seamless”	天津大無縫投資有限公司 (Tianjin Seamless Investment Co. Ltd.), a company incorporated in the PRC and is 100% owned by Tianjin Pipe Group
“Tianjin Tianhai”	天津天海高壓容器有限責任公司 (Tianjin Tianhai High Pressure Containers Co., Ltd.), a company incorporated in the PRC and is 45.52%, 45% and 9.48% owned by Tianhai Industrial, Tianjin Seamless and Jingcheng HK, respectively.
“%”	percent

For and on behalf of the Board
Beiren Printing Machinery Holdings Limited
Jiao RuiFang
Company Secretary

Beijing, the PRC, 3 March 2014

As at the date of this announcement, the Board comprises Mr. Wang Pingsheng, Mr. Hu Chuanzhong, Mr. Wu Yanzhang, Mr. Li Junjie and Ms. Jiang Chi as executive directors, Mr. Jiang Zili and Ms. Wu Dongbo as non-executive directors and Mr. Zhang Shuangru, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu as independent non-executive directors.

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.