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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)

**CONTINUING CONNECTED TRANSACTION
SUPPLEMENTAL AGREEMENT
IN RELATION TO
GAS CYLINDER PIPE SALE AND PURCHASE FRAMEWORK AGREEMENT
REVISION OF TERMS**

Reference is made to the announcement of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) dated 3 March 2014 (the “**Announcement**”) in relation to the Gas Cylinder Pipe Sale and Purchase Framework Agreement and the announcement of the Company dated 25 March 2014 in relation to the delay in despatch of circular. Capitalised terms used herein shall have the same meaning as defined in the Announcement unless otherwise stated.

THE SUPPLEMENTAL AGREEMENT

The Board announced that on 27 March 2014, Tianjin Pipe entered into a supplemental agreement to the Gas Cylinder Pipe Sale and Purchase Framework Agreement with Tianjin Tianhai (the “**Supplemental Agreement**”) to extend the term of the Gas Cylinder Pipe Sale and Purchase Framework Agreement from the original 1 year ending 31 December 2014 to 3 years ending 31 December 2016.

Proposed annual caps and basis of determination

	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2015	1 January 2016 to 31 December 2016
Annual caps	RMB300,000,000	RMB300,000,000	RMB300,000,000

The Gas Cylinder Pipe Sale and Purchase Framework Agreement and Supplemental Agreement are new agreements. The above annual caps are 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 Supplemental Agreement

As a long-term co-operation partner of the Group, Tianjin Pipe guarantees the supply and the quality of gas cylinders pipes. By extending the term of the Gas Cylinder Pipe Sale and Purchase Framework Agreement from 1 year to 3 years, it would be conducive to a better co-operation between Tianjin Tianhai and Tianjin Pipe, which in turn would minimise the cost of raw materials and enhance the market competitiveness of the products of Tianjin Tianhai.

Save as disclosed above, all the terms of the Gas Cylinder Pipe Sale and Purchase Framework Agreement and information disclosed in the Announcement remain unchanged.

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 and the Supplemental Agreement shall be carried out on a continuing basis and are expected to extend over a period of time, the Gas Cylinder Pipe Sale and Purchase Framework Agreement and the Supplemental Agreement constitute 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 and the Supplemental Agreement are more than 5%, the Gas Cylinder Pipe Sale and Purchase Framework Agreement and the Supplemental Agreement are 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 Supplement 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 Supplement Agreement the transaction contemplated thereunder.

A circular containing, inter alia, details of (i) further information on the Gas Cylinder Pipe Sale and Purchase Framework Agreement and the Supplemental 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 and the Supplemental 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 the Supplemental Agreement; and (iv) a notice convening the annual general meeting of the Company to be held on 26 June 2014 for approving, inter alia, the Gas Cylinder Pipe Sale and Purchase Framework Agreement and the Supplemental Agreement is expected to be despatched to the Shareholders on or about 12 May 2014.

For and on behalf of the Board
Beijing Jingcheng Machinery Electric Company Limited
Jiao RuiFang
Company Secretary

Beijing, the PRC, 27 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.