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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)

**ANNOUNCEMENT OF RESOLUTIONS PASSED AT THE EIGHTEENTH
EXTRAORDINARY MEETING OF THE SEVENTH BOARD OF DIRECTORS**

The board of directors of the Company and all members of the Board warrant that this announcement does not contain any false information, misleading statement or material omission and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents herein contained.

Pursuant to the notice of meeting dated 9 May 2014, the eighteenth extraordinary meeting of the seventh board of directors (the "Board") of Beijing Jingcheng Machinery Electric Company Limited (the "Company") was held at conference room on second floor, No. 9 Office Building, Tianying North Road, Chaoyang District, Beijing, China on 16 May 2014. Nine of the eleven eligible directors attended the meeting in person. The chairman of the Board, Mr. Jiang Zili and the director, Ms. Wu Dongbo were absent from the meeting due to business engagement and had appointed the vice chairman, Mr. Wang Pingsheng and the director, Mr. Wu Yanzhang respectively to attend the meeting and vote on their behalf. The supervisors and senior management members of the Company also attended the meeting. The convening of the meeting was in compliance with the requirements of all applicable laws and the articles of association of the Company.

The meeting was presided over by the vice chairman of the Company, Mr. Wang Pingsheng, at which the following resolutions were considered and approved:

1. The resolution on the proposed disposal of the 100% equity interest in Beijing Jingcheng Compressor Co., Ltd. by the Company by way of public tender was considered and approved.

The Company intends to dispose its 100% equity interest held in Beijing Jingcheng Compressor Co., Ltd., a wholly-owned subsidiary of the Company, by way of public tender and conduct such disposal at the equity exchange based on the valuation price of RMB 250,202,800.

Number of valid votes for this resolution: 11; affirmative votes: 11; dissenting vote: 0; abstention vote: 0.

2. The resolution on the proposed Asset Transaction Agreement to be entered into between the Company and Beijing Jingcheng Machinery Electric Holding Co., Ltd., subject to terms and conditions, and the connected transaction contemplated thereunder was considered and approved. For details of the resolution, please refer to the Lin 2014-030 announcement, namely Announcement regarding Disposal of 100% Equity Interest in Beijing Jingcheng Compressor Co., Ltd and Connected Transaction.

The connected directors Mr. Jiang Zili and Ms. Wu Dongbo have abstained from voting for this resolution. Number of valid votes: 9; affirmative votes: 9; dissenting vote: 0; abstention vote: 0.

3. The resolution on capital injection by Beijing Bashi Media Co., Ltd. into Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd. (北京明暉天海氣體儲運裝備銷售有限公司) was considered and approved. For details of the resolution, please refer to the Lin 2014-031 announcement, namely Announcement regarding Capital Injection into Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.

Number of valid votes for this resolution: 11; affirmative votes: 11; dissenting vote: 0; abstention vote: 0.

4. The resolution on the general election of the Board was considered and approved.

With the full understanding of the Nomination Committee of the seventh Board, the seventh Board considered and approved the nomination of Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua as the non-executive director candidates of the eighth Board by the substantial shareholder, and the Nomination Committee of the Board nominated Mr. Hu Chuanzhong, Mr. Li Junjie, Mr. Wu Yanzhang and Ms. Jiang Chi as the executive director candidates of the eighth Board, and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as the independent non-executive director candidates of the eighth Board, and the relevant resolutions will be proposed at the 2013 annual general meeting. The proposed term of office of directors shall commence upon the approval at the 2013 annual general meeting and until the conclusion of the 2016 annual general meeting.

The biographical details of the director candidates are set out in Appendix I. The independent non-executive directors of the seventh Board have expressed their consents to this resolution, and their independent opinions are set out in Appendix II.

Number of valid votes for this resolution: 11; affirmative votes: 11; dissenting vote: 0; abstention vote: 0.

5. The resolution on the remuneration of and written contracts to be entered into with the directors of the eighth Board was considered and approved.

The executive directors of the eighth Board who served as the senior management of the Company shall receive their remunerations according to the Management Measures on the Remuneration and Performance Appraisal of Senior Management of the Company. The annual remuneration of the senior management comprises three parts: i.e. annual basic salaries, regular annual performance salaries and special contribution income.

Annual basic salaries= the standard annual salaries \times position coefficient \times 50%

Among which, the standard annual salaries are determined by the Remuneration and Monitoring Committee of the Company at the beginning of each year with reference to such factors as the industrial remuneration level, operation conditions of the previous year of the Company and total remuneration etc.

The position coefficient is determined on the basis of position evaluation. Generally, the position coefficient of the general manager is 1, and the position coefficients of deputy general managers, secretary of the Board and other senior management are 0.5-0.85. The annual basic salaries of the senior management range from RMB 200,000 to RMB 550,000.

Regular annual performance salaries = annual basic salary \times appraisal coefficient

The appraisal coefficient is determined according to the result of performance appraisal, and its corresponding relation with the appraisal result is as follows:

1. If the appraisal result is A, the appraisal coefficient will be 1.5;
2. If the appraisal result is B, the appraisal coefficient will be 1.2;
3. If the appraisal result is C, the appraisal coefficient will be 1;
4. If the appraisal result is D, the appraisal coefficient will be 0.8;
5. If the appraisal result is E or below, the appraisal coefficient will be 0.6;

Therefore, the regular annual performance remuneration of the senior management ranges from RMB120,000 to RMB850,000.

The income for special contribution may be granted to the senior management of the Company in the event that those staffs have made significantly outstanding contributions to implementation of the strategies of the Company or received special recognition for significant managerial innovation and technological innovation. After reviewed by the Remuneration and Monitoring Committee of the Board, the special contribution income will be presented to the Board for review and approval, the maximum amount of which shall not exceed RMB100,000.

The remuneration received by the executive directors who served as the senior management of the Company shall be determined in accordance with the fulfillment of the Performance Contract entered into between the senior management and the Board during each year. The annual fee of the independent non-executive directors will be RMB60,000, and the annual fee of the non-executive directors shall not exceed RMB40,000.

Number of valid votes for this resolution: 11; affirmative votes: 11; dissenting vote: 0; abstention vote: 0.

Among the above resolutions, resolutions no. 1, 2, 4, 5 will be proposed at the 2013 annual general meeting for consideration.

The Board of Directors
Beijing Jingcheng Machinery Electric Company Limited

16 May 2014

As at the date of this announcement, the Board of the Company 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.

BIOGRAPHICAL DETAILS OF THE DIRECTOR CANDIDATES

- (1) Hu Chuanzhong, Chinese, male, aged 44. He obtained a bachelor degree in mechanical engineering from Tsinghua University and an EMBA from the University of Texas at Arlington, US. He is a senior engineer. Mr. Wu was a technician, assistant engineer, deputy director, director, vice president of engineering, deputy manager of technical quality department, and deputy general manager of Tianhai Industry Co., Ltd. He was also the chairman of Tianjin Tianhai High Pressure Containers Co., Ltd. He is currently the general manager, director and party secretary of Beijing Tianhai Industry Co., Ltd, director and general manager of Jingcheng Holding (Hong Kong) Company Limited as well as the director of Tianjin Tianhai High Pressure Containers Co., Ltd. and Langfang Tianhai High Pressure Containers Co., Ltd. He was appointed as the general manager of the Company on 31 October 2013 and was appointed as the director of seventh board of directors of the Company on 16 December 2013.
- (2) Li Junjie, Chinese, male, aged 36. He obtained a bachelor degree in industrial economics from Taiyuan Heavy Machinery Institute and an EMBA degree from Guanghua School of Management of Peking University. He was an accountant of finance department, salesman of marketing department and deputy manager of human resources department in Beijing Tianhai Industry Co., Ltd. He is currently the deputy party secretary and deputy general manager of Beijing Tianhai Industry Co., Ltd. He was appointed as deputy general manager of the Company on 31 October 2013 and director of seventh board of directors of the Company on 16 December 2013.
- (3) Zhou Yongjun, Chinese, male, aged 48. He obtained a Bachelor's Degree of Engineering from Xi'an Jiaotong University and Master's Degree from Cheung Kong Graduate School of Business. He is a senior engineer. Mr. Zhou was deputy director, director, deputy chief engineer, and deputy general manager of the Technology Department of Beijing BEIZHONG Steam Turbine Generator Co., Ltd. He is currently the minister of the Strategic and Investment Department of Beijing Jingcheng Machinery Electric Holding Co., Ltd, director of Beijing Jingcheng Heavy Industry Co., Ltd., Global Industrial Supply Co., Ltd, Beijing Huade Hydraulic Industrial Group Co., Ltd, GD Jingcheng Handan Thermal Energy Co., Ltd. (國電京城邯鄲熱電有限公司) and Beijing Jingcheng Nagano Engineering Machinery Co., Ltd.
- (4) Chang Yun, Chinese, female, aged 39. She obtained a Bachelor's Degree in economics from China Coal Economic College (中國煤炭經濟學院), MBA of China Europe International Business School. She is a senior accountant, certified public accountant and certified tax agent. Ms. Chang was the cost accounting supervisor, deputy director of the finance department of Beijing Research Institute of Mechanical & Electrical Technology, finance manager of BMEI Co., Ltd. and chief financial officer of Beijing Jingcheng Heavy Industry Co., Ltd. She is currently the Minister of the Audit Department of Beijing Jingcheng Machinery Electric Holding Co., Ltd. (the headquarter).

- (5) Xia Zhonghua, Chinese, male, aged 49. He obtained a Bachelor's Degree in Engineering from Hefei University of Technology. He is a senior engineer. Mr. Xia was designer of construction of Beijing Metal Structure Factory (new factory) of Beijing Machinery Industrial Engineering Contract Corporation (北京機械工業建設工程承發包公司) and its technical director, project assistant manager and project manager, director in basic construction of Beijing Jingcheng Machinery Electric Holding Co., Ltd.(the "Jingcheng Holding"), director of the construction project planning department of Beijing Jianji Real Estate Co., Ltd. (北京建機房地產公司) (Part-time), head of Resource Allocation and Restructuring of Jingcheng Holding, head of project investment of Jingcheng Holding, vice-president of Party School of Beijing Machinery Industry Administrative Bureau (北京機械工業管理局黨校) and deputy minister of the asset management department of Jingcheng Holding. He is currently the vice minister of the Ministry of the Securities and Reform of Jingcheng Holding(taking charge of works), director of Beijing Xihai Industrial and Trading Company and Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd.
- (6) Wu Yanzhang, Chinese, male, aged 49. He obtained a bachelor's degree in Machinery Manufacturing Management at Hefei University of Technology and EMBA at China Europe International Business School. Mr. Wu served as the dispatcher of the production department, the deputy department head, assistant to factory head and the director of office of Beijing No. 1 Machine Tool Plant (北京第一機床廠), the Sino General Manager of OKUMA-BYJC (Beijing) Machine Tool Co. Ltd (北一大隈公司), the director of Communications Office, the director of office, the head of Legal Department, the head of Non-financial Corporate Management Department and the head of Asset Management Department of Beijing Jingcheng Machinery Electric Holding Co., Ltd. He is currently the director and the general manager of Jingcheng Compressor Co., Ltd. He was appointed as the deputy general manger and director of the Company on 5 November 2013 and 16 December 2013 respectively.
- (7) Jiang Chi, Chinese, female, aged 38, graduated from Beijing Technology and Business University with a degree in Economics. Ms. Jiang is a senior accountant and worked in Beijing DoubleCrane Pharmaceutical Co., Ltd. as the accountant, Century Industry Investment Co., Ltd. as financial officer, China National Pharmaceutical Group Corporation as assistant to financial manager, Huayi Pharmaceutical Co. Ltd. as financial manager, Beijing Jingcheng Mechanical & Electrical Holding Co., Ltd. as budget financial officer and deputy head of Financial Planning Department. Ms. Jiang has served Beiren Printing Machinery Holdings Limited (currently renamed as Beijing Jingcheng Machinery Electric Company Limited) since October 2011 and has been appointed as the director and chief accountant. At present, Ms Jiang is the director, deputy general manager and chief legal counsel of Beijing Tianhai Industry Co., Ltd., the director and financial controller of Beijing Jingcheng Compressor Co., Ltd. and the director and financial controller of Jingcheng Holding (Hong Kong) Company Limited.
- (8) Wu Yan, Chinese, female, aged 67, graduated from Xi'an Jiaotong University majoring in boiler design and manufacturing. Ms. Wu was the technician of the First Research & Design Institute of Nuclear Industry (核工業第一設計研究院), technician of Tianjin Bureau of Labor, deputy director and director in the Boiler and Pressure Vessel Detection & Research Center

under the Ministry of Labour, director and assistant inspector of Boiler and Pressure Vessel Safety Supervision Bureau under the State Bureau of Quality Technical Supervision, assistant inspector of Special Equipment Safety Supervision Bureau under the State Administration for Quality Supervision and Inspection and Quarantine, deputy secretary general and secretary general of China Gas Cylinders Standardization Technical Committee, and currently serves as the consultant of the committee.

- (9) Liu Ning, Chinese, male, aged 56. He obtained a Bachelor of Laws from China University of Political Science and Law. He was the postgraduate in international economic law of Institute for International Economics of Nankai University and a lawyer. Mr. Liu obtained his qualification of lawyer in 1984 and have been practicing as a lawyer for over twenty years, during which he had dealt with various representative cases and legal affairs, and participated in legislation and other work. Mr. Liu served as director of Tianjin Dongfang Law Office and Beijing New Era Law Firm. He is currently the director and senior partner of 北京市公元博景泓律師事務所, member of the Economics Committee of All-China Lawyers Association, member of the Legislative Committee of the Central Committee of China Democratic League, researcher of Food and Drug Industry Development and Regulatory Research Center of Chinese Academy of Social Sciences, legislative consultant of Beijing Municipal People's Congress, member of the Eighth Committee of CPPCC of Haidian District of Beijing, member of Beijing Municipal Committee of China Democratic League, deputy director of the Social and Legal Affairs Committee of Beijing Municipal Committee of China Democratic League and executive member of Beijing Federation of Industry & Commerce. From 30 May 2006 to 31 May 2012, Mr. Liu served as two sessions of independent non-executive director of the board of directors of China Resources Double-crane Pharmaceutical Co., Ltd. (formerly known as Beijing Double-Crane Pharmaceutical Co., Ltd.) (listed on the Shanghai Stock Exchange, stock code 600062). On 31 May 2012, Mr. Liu ceased to be the independent non-executive director of China Resources Double-crane Pharmaceutical Co., Ltd. due to the general election of the board of directors of the company.
- (10) Yang Xiaohui, Chinese, male, aged 46. He has a bachelor's degree and is a certified public accountant, certified tax agent, certified public valuer (non-practicing member) and senior accountant in China. Mr. Yang was a teacher of North China University of Technology, department manager, deputy general manager and partner of Zhonghengxin, China Rightson Certified Public Accountants and RSM China Certified Public Accountants, and also served as the member of the technical committee of Beijing Institute of Certified Public Accountants. He is currently the senior partner of Ruihua Certified Public Accountants.
- (11) Fan Yong, Chinese, male, aged 42. He obtained a master degree from Tsinghua University. Mr. Fan worked as the head of Investment Banking Division in Qinghai Securities, deputy director of general office of Shengli Oil Field Dynamic Group Co., Ltd. (Dynamic), deputy general manager of Felsted (Beijing) Investment Co., Ltd. (佛爾斯特(北京)投資有限責任公司), general manager of Capital Investment Department of Rising Securities Co., Ltd., business director of Investment Bank Headquarters of Qilu Securities Co., Ltd., director of Investment Banking of Zhong De Securities Co., Ltd. He is currently a founding partner of 北京易匯金通資產管理有限責任公司.

The Company will enter into service contracts with all new directors of the eighth board of directors. For the details of their remuneration, please refer to No.4 resolution on the remuneration of and written contracts to be entered into with the directors of the eighth board of directors.

It is proposed that the term of office of directors of the eighth board of directors of the Company will be from the date of approval at the 2013 annual general meeting to the date of the 2016 annual general meeting.

Save as disclosed above, the director candidates referred in Appendix I are not connected with other directors, supervisors and senior management of the Company. Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua respectively serves as the Minister of the Ministry of Strategy and Investment, the Minister of the Audit Department, and the Vice Minister of the Ministry of the Securities and Reform of Beijing Jingcheng Machinery Electric Holding Co., Ltd., the substantial shareholder of the Company. Mr. Hu Chuanzhong, Mr. Li Junjie, Mr. Wu Yanzhang, Ms. Jiang Chi, Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong are not connected with the substantial shareholders or controlling shareholders of the Company. The 11 director candidates do not hold any share interest of the Company as defined in Part XV of the Securities and Futures Ordinance. Except for Mr. Liu Ning, the other 10 director candidates did not hold any directorships in any other listed companies in Hong Kong or overseas in last three years. In respect of the 11 director candidates, save as disclosed above, there is no other information which is required to be disclosed pursuant to any provisions under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and there is no other matter which needs to be brought to the attention of the shareholders.

As at the date of this announcement, according to the register kept under section 352 of the Securities and Futures Ordinance, the above 11 director candidates of the Company do not hold any interests or short positions in the shares, underlying shares and debentures of the Company.

**INDEPENDENT OPINIONS ON THE RESOLUTION CONCERNING THE DIRECTOR
CANDIDATES OF THE EIGHTH BOARD OF DIRECTORS FROM THE INDEPENDENT
NON-EXECUTIVE DIRECTORS OF THE SEVENTH BOARD OF DIRECTORS**

The eighteenth extraordinary meeting of the seventh board of directors (the “Board”) of Beijing Jingcheng Machinery Electric Company Limited (the “Company”) was held on 16 May 2014, at which the resolution relating to the nomination of Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua by the substantial shareholder and the nomination of Mr. Hu Chuanzhong, Mr. Li Junjie, Mr. Wu Yanzhang, Ms. Jiang Chi, Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong by the Nomination Committee of the Board as the director candidates of the eighth Board was considered and approved.

As the independent non-executive directors of the seventh Board, after reviewing relevant documents concerning the declaration and biographical details of the above mentioned candidates, we were of the opinion that:

1. The relevant procedures of nomination of Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua by the substantial shareholder and nomination of Mr. Hu Chuanzhong, Mr. Li Junjie, Mr. Wu Yanzhang, Ms. Jiang Chi, Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong by the Nomination Committee of the Board as the director candidates of the eighth Board were in compliance with the regulations of the Articles of Association of the Company.
2. Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua were in compliance with the requirements with respect to the qualifications of directors as stipulated in relevant laws and regulations of the state and the Articles of Association of the Company.
3. Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong possessed the qualifications and independence as required in the “Guidance on the Establishment of the System of Independent Directors by Listed Companies” issued by the China Securities Regulatory Commission.
4. We hereby give our consent to the resolution on nomination of Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua as non-executive directors of the eighth Board by the substantial shareholder, nomination of Mr. Hu Chuanzhong, Mr. Li Junjie, Mr. Wu Yanzhang and Ms. Jiang Chi as the executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as the independent non-executive director candidates of the eighth Board of the Company by the Nomination Committee of the Board, and present it to the 2013 annual general meeting of the Company for consideration.

Beijing Jingcheng Machinery Electric Company Limited
Independent non-executive directors of the seventh board of directors
Zhang Shuangru, Wang Hui, Xie Bingguang and Wang Deyu