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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)

**VOLUNTARY ANNOUNCEMENT ON THE FINANCIAL ASSISTANCE PROVIDED BY
THE CONTROLLING SHAREHOLDER TO THE COMPANY'S SUBSIDIARY
BEIJING TIANHAI INDUSTRY CO., LTD.**

The board of directors (the "Board") of Beijing Jingcheng Machinery Electric Company Limited (the "Company", together with its subsidiaries, the "Group") and all members of the Board of the Company warrant that there are no false representations, misleading statement contained in, or material omissions from, this announcement, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents in this announcement.

I. SUMMARY OF MATTERS RELATING TO RECEIVING THE FINANCIAL ASSISTANCE

(I) Basic information

Beijing Jingcheng Machinery Electric Holding Co., Ltd. ("**Jingcheng Machinery Electric**"), the controlling shareholder of the Company, provided a loan of RMB25 million to Beijing Tianhai Industry Co., Ltd. ("**Beijing Tianhai**"), a subsidiary of the Company, for a term of one year (the "**Financial Assistance**"). The loan bears interests at the one-year benchmark lending interest rate as determined by the People's Bank of China. The Company will not provide corresponding security or guarantee over the Financial Assistance.

(II) Consideration

On 30 October 2019, the resolution of providing a financial loan by Jingcheng Machinery Electric, the controlling shareholder, to Beijing Tianhai was considered and approved at the tenth meeting of the ninth session of the Board.

On 30 October 2019, the resolution of providing a financial loan by Jingcheng Machinery Electric, the controlling shareholder, to Beijing Tianhai was considered and approved at the twenty-seventh meeting of the ninth session of the Supervisory Committee.

The Financial Assistance does not constitute material assets reorganization as regulated under the Administrative Measures on Significant Asset Restructuring of Listed Companies.

(III)Exemption of connected transaction

Since Jingcheng Machinery Electric is the controlling shareholder of the Company, the Financial Assistance constitutes a connected transaction.

According the regulation under the Guidelines on the Shanghai Stock Exchange for the Listed Companies' Postponement of and Exemption from Information Disclosure, such financial assistance is not required to apply for exemption from the Shanghai Stock Exchange. If the self-exemption conditions are met, the matter can be considered and disclosed by way of exempted connected transaction.

The Financial Assistance constitutes a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). However, the Board considers that as (i) the Financial Assistance has been entered into after arm's length negotiation between the Group and Jingcheng Machinery Electric and determined on normal commercial terms or better; (ii) the interest rate specified in the Financial Assistance is more favourable than the unsecured loans which could be obtained by the Company from the licensed banks in the PRC; and (iii) the Financial Assistance is not secured by any asset of the Group, the Financial Assistance is fully exempted from shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

II. BASIC INFORMATION OF JINGCHENG MACHINERY ELECTRIC

1. Entity providing the Financial Assistance: Beijing Jingcheng Machinery Electric Holding Co., Ltd.
2. Legal representative: Ren Yaguang
3. Corporate nature: Limited liability company (wholly state-owned)
4. Registered address: 18/F, No.59, East Third Ring Middle Road, Chaoyang District, Beijing
5. Registered capital: RMB2,044,687,082.96
6. Date of incorporation: 8 September 1997

7. Registration No.: 911100006336862176

Scope of business: Service dispatching; operation and management of the state-owned assets according to the given authority; investments and investment management; property development and sales of commodity housing; leasing of properties; property management; technology transference, training, technical consultancy, technical services; sales of machinery and electric (EM) equipment (excluding automobiles); technology development. (For business activities for which approval are required, they can be carried out after obtaining the approvals from relevant authorities).

III. IMPACT OF JINGCHENG MACHINERY ELECTRIC'S PROVISION OF FINANCIAL ASSISTANCE TO THE COMPANY

The Financial Assistance provided by Jingcheng Machinery Electric to Beijing Tianhai will help its cash flow. The Financial Assistance bears interest at the benchmark one-year lending interest rate determined by the People's Bank of China. The Company does not provide any security or guarantee for the Financial Assistance. Therefore, such matter will not be against the interest of the Company and its shareholders, especially its minority shareholders.

IV. DOCUMENTS AVAILABLE FOR INSPECTION

The resolution of the tenth meeting of the ninth session of the Board of the Company;

The resolution of the twenty-seventh meeting of the ninth session of the Supervisory Committee of the Company.

On behalf of the Board
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
30 October 2019

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, Ms. Jin Chunyu, Mr. Wu Yanzhang, Mr. Xia Zhonghua and Ms. Li Chunzhi as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.