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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 IN RELATION TO THE SECOND REVISION OF
THE PROPOSAL FOR NON-PUBLIC ISSUANCE OF A SHARES**

The board of directors and all members of the board of directors of the Company 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.

References are made to the circular of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) dated 27 June 2019 (the “**Circular**”) and the subsequent announcements in relation to, among other things, the Proposed A Shares Issue. Unless otherwise specified, capitalized terms used herein have the same meanings as ascribed to them in the Circular.

As stated in the Circular, in contemplation of the possible change in the relevant rules of the CSRC, the Company had stipulated in the A Share Subscription Agreement that the lowest price under this non-public issuance shall be subject to adjustment by the Board, subject to authorization by the general meeting, pursuant to the requirements of relevant laws and regulations if the CSRC made adjustments to the pricing method of the non-public issuance prior to the issuance.

The resolutions in respect of the Proposed A Shares Issue, including the possible adjustment to the issue price, had also been considered and approved at the second extraordinary general meeting of the Company in 2019. However, in the event that the issue price is expected to fall below the Benchmark Price (being the net asset value per Share based on the latest audited consolidated financial statements of the Company), the Company will re-comply with the necessary approval requirements including, among other things, Independent Shareholders’ approval requirements under the Listing Rules and for a new whitewash waiver under the Takeovers Code.

Under the authorization by general meeting, the Company convened the seventeenth extraordinary meeting of the ninth session of the Board on 26 September 2019, at which the “Resolution in relation to the Proposal for Non-public Issuance of A Shares of the Company (Revised)” and other relevant resolutions were considered and approved. On 28 November 2019, the CSRC issued the “Approval in relation to the Non-public Issuance of Shares by Beijing Jingcheng Machinery Electric Company Limited” (Zheng Jian Xu Ke [2019] No. 2551(《關於核准北京京城機電股份有限公司非公開發行股票的批覆》(證監許可) [2019]2551 號)).

On 14 February 2020, the CSRC announced the “Decision on Amending the Administration Measures on Securities Issuance of Listed Companies” (CSRC Decree No. 163) 《關於修改〈上市公司證券發行管理辦法〉的決定》(中國證監會第163號令) and the “Decision on Amending the Implementation Rules for the Non-public Issue of Shares by Listed Companies” (CSRC Announcement [2020] No. 11) 《關於修改〈上市公司非公開發行股票實施細則〉的決定》(中國證監會公告 [2020]11號), in which the issue price is adjusted from not less than 90% to not less than 80% of the average trading price of the company’s shares during the 20 trading days preceding the pricing benchmark date. Pursuant to the requirements under the laws, regulations and regulatory documents including the aforementioned, the Company convened the twentieth extraordinary meeting of the ninth session of the Board on 28 February 2020 under the authorization by general meeting, at which the “Resolution in relation to the Proposal for Non-public Issuance of A Shares of the Company (2nd Revision)” and other relevant resolutions were considered and approved. The major amendments are as follows:

Section	Content of section	Amendment
Special Reminders	1	“The proposal has been reviewed and approved by the twentieth extraordinary meeting of the ninth session of the Board and approved by the CSRC” was added.
	5	“The issue price shall not be less than 90% of the average transaction price of A shares in the 20 trading days prior to the pricing benchmark date” was adjusted to 80%.
Section I Summary of the Proposal for Non-public Issuance of A Shares	IV. Price and pricing principle, number of shares to be issued and lock-up period	“The issue price shall not be less than 90% of the average transaction price of A shares in the 20 trading days prior to the pricing benchmark date” was adjusted to 80%.
Section I Summary of the Proposal for Non-public Issuance of A Shares	VIII. Approval has been obtained for the issuance proposal from the relevant competent authorities and approval procedures are still required	“The proposal has been reviewed and approved by the twentieth extraordinary meeting of the ninth session of the Board and approved by the CSRC” was added.

Section	Content of section	Amendment
Section III Summary of the conditional Share Subscription Agreement	II. Price, number, method of the subscription, payment method and lock-up period	The twentieth extraordinary meeting of the ninth session of the Board considered that, the price of the subscription to be amended as “the issue price shall not be less than 80% of the average transaction price of A shares in the 20 trading days prior to the pricing benchmark date” was added.
Section V Discussion and Analysis of the Board of Directors on the Impact of the Issuance on the Company	VI. Discussion and Analysis on Relevant Risks of the Non-public Issuance	Adjustment was made to section (V) Risk of approval of the Non-public Issuance of A Shares, in which “the proposal has been approved by the CSRC” was added.

For and on behalf of the Board
Beijing Jingcheng Machinery Electric Company Limited
Wang Jun
Chairman

Beijing, the PRC
2 March 2020

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.