
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beijing Jingcheng Machinery Electric Company Limited**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSED PRIOR INVESTMENT IN SHANGHAI SUNWISE BY A
WHOLLY-OWNED SUBSIDIARY OF THE CONTROLLING SHAREHOLDER
AND
NOTICE OF EGM**

A letter from the Board is set out on pages 4 to 14 of this circular.

A notice convening the EGM to be held at the Conference Room of the Company at No. 6 Rong Chang East Street, Daxing District, Beijing, the PRC on 24 June 2024 at 9:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend the above meeting, you are requested to complete the form of proxy for use at the above meeting in accordance with the instructions printed thereon and return the same to the business address of the Company at No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, the PRC, or the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 24 hours before the time appointed for the convention of the above meeting. The completion and delivery of the form of proxy will not preclude you from attending and voting in person at the above meeting or any adjournment thereof if you so wish.

31 May 2024

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“A Share(s)”	the ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed in RMB and listed on the SSE (stock code: 600860)
“Agreement”	the proposed Entrusted Equity Management Agreement in respect of Shanghai Sunwise to be entered into between Jingcheng Industrial Investment and the Company
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Beijing SASAC”	Beijing Municipal People’s Government State-owned Assets Supervision and Administration Commission
“Board”	the board of Directors
“Business Opportunity”	the business opportunity for the Transaction
“Company”	Beijing Jingcheng Machinery Electric Company Limited (北京京城機電股份有限公司), 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 SSE
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve the proposed prior investment in Shanghai Sunwise by Jingcheng Industrial Investment
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guiding Opinions”	the Guiding Opinions in relation to Promoting the Solving of Horizontal Competition and the Regulation of Connected Transactions by the State-owned Shareholder and the Listed Companies under Its Control (Guo Zi Fa Chan Quan [2013] No. 202)
“H Share(s)”	the overseas listed shares of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed in Hong Kong dollars and listed on the Main Board of the Stock Exchange (stock code: 00187)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Jingcheng Industrial Investment”	Beijing Jingcheng Machinery Electric Industrial Investment Co., Ltd.* (北京京城機電產業投資有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Jingcheng Machinery Electric
“Jingcheng Machinery Electric”	Beijing Jingcheng Machinery Electric Holding Co., Ltd.* (北京京城機電控股有限責任公司), a company incorporated in the PRC and the controlling shareholder of the Company
“Latest Practicable Date”	27 May 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Sunwise”	Shanghai Sunwise New Energy System Co., Ltd.* (上海舜華新能源系統有限公司), a company incorporated in the PRC
“Share(s)”	the share(s) of the Company, including A Shares and H Shares unless otherwise specified

DEFINITIONS

“Shareholders”	the shareholders of the Company
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on the SSE
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Undertaking”	the Supplemental Undertaking of Jingcheng Machinery Electric on the Shanghai Sunwise Equity Investment Project intended to be issued by Jingcheng Machinery Electric to the Company
“Transaction”	the proposed transaction to acquire not less than 34.58% equity interest in Shanghai Sunwise by way of equity transfer and capital injection
“Undertaking Letter Regarding Avoidance of Horizontal Competition”	the Undertaking Letter Regarding Avoidance of Horizontal Competition issued by Jingcheng Machinery Electric to the Company in 2012 and 2020, respectively
“%”	percent

* *For identification purposes only*

LETTER FROM THE BOARD



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)

Executive Director:

Mr. Zhang Jiheng

Non-executive Directors:

Mr. Li Junjie

Mr. Wu Yanzhang

Mr. Zhou Yongjun

Mr. Cheng Lei

Mr. Man Huiyong

Ms. Li Chunzhi

Registered office:

Room 901, No. 59 Mansion,
Dongsanhuan Road Central,
Chaoyang District,
Beijing,
PRC

Independent non-executive Directors:

Mr. Xiong Jianhui

Mr. Zhao Xuguang

Mr. Liu Jingtai

Mr. Luan Dalong

31 May 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSED PRIOR INVESTMENT IN SHANGHAI SUNWISE BY A
WHOLLY-OWNED SUBSIDIARY OF THE CONTROLLING SHAREHOLDER
AND
NOTICE OF EGM**

1. INTRODUCTION

The purpose of this circular is to provide you with the notice of the EGM, and all the information which is necessary to enable you to make an informed decision on whether to vote for or against the proposed resolution for proposed prior investment in Shanghai Sunwise by Jingcheng Industrial Investment.

LETTER FROM THE BOARD

2. PROPOSED PRIOR INVESTMENT IN SHANGHAI SUNWISE BY JINGCHENG INDUSTRIAL INVESTMENT

(A) BACKGROUND OF THE TRANSACTION

The Company has received a notice from its controlling shareholder, Jingcheng Machinery Electric, that Jingcheng Industrial Investment, a wholly-owned subsidiary of Jingcheng Machinery Electric, has acquired a business opportunity to invest in and obtain control of Shanghai Sunwise.

Pursuant to the preliminary cooperation intention reached between Jingcheng Industrial Investment and shareholders of Shanghai Sunwise, Jingcheng Industrial Investment intends to become the first largest shareholder of Shanghai Sunwise by way of equity transfer and capital injection to realize the actual control of Shanghai Sunwise, with an ultimate shareholding of not less than 34.58% and total planned investment amount of approximately RMB590 million. During the course of the Transaction, certain state-owned shareholders of Shanghai Sunwise will solicit transferees by way of public listing for-sale on the Property Rights Exchange Centre, and the transfer of such part of the equity interest of Shanghai Sunwise and the ultimate price will be determined in accordance with the results of the public listing for-sale.

In view of the overlap of the small amount of hydrogen supply system business between Shanghai Sunwise and the Group, pursuant to the Undertaking Letter Regarding Avoidance of Horizontal Competition, Jingcheng Machinery Electric informed the Company of the matters in relation to the Business Opportunity and gave priority to provide the Business Opportunity to the Company for selection.

(B) INFORMATION OF SHANGHAI SUNWISE

Shanghai Sunwise is a company incorporated in the PRC with limited liability, with a registered capital of approximately RMB69.92 million.

Shanghai Sunwise is the first domestic enterprise to engage in the development of hydrogen energy technology and has been dedicated to hydrogen energy technology development for 19 years. As a leading intelligent manufacturer of clean energy resources in the PRC, Shanghai Sunwise has achieved the industrial chain of manufacturing, processing and application of hydrogen energy. For the hydrogen energy business, Shanghai Sunwise has become a leading supplier of key hydrogen energy equipment and solutions in the PRC, covering equipment and business such as electrolysis tanks, hydrogen refueling stations, gaseous energy, nuclear power and special installations.

Shanghai Sunwise provides products and services along the hydrogen energy industrial chain and currently has two core businesses: (1) the provision of total solutions for the construction of hydrogen refueling stations, key equipment for hydrogen refueling stations as well as the construction, operation and maintenance of hydrogen refueling stations; and (2) the provision of on-board hydrogen supply systems

LETTER FROM THE BOARD

for automotive original equipment manufacturers (OEMs), fuel cell system integrators and other customers. Besides, it also engaged in hydrogen manufacturing equipment, hydrogen energy storage, hydrogen supply pilot testing equipment and testing services for OEMs in relation to common hydrogen technologies.

Based on the audited financial statements of Shanghai Sunwise prepared in accordance with the PRC Accounting Standards for Business Enterprises, the key financial data of Shanghai Sunwise are set out below:

Unit: RMB' 0,000

Year	Total assets <i>(Approximate)</i>	Net assets <i>(Approximate)</i>	Revenue of principal businesses <i>(Approximate)</i>	Net profit <i>(Approximate)</i>
2022	59,375	23,931	32,127	Losses of 4,451
2023	68,275	23,490	27,578	Losses of 2,955

(C) REASONS FOR THE COMPANY TO RELINQUISH THE BUSINESS OPPORTUNITY

(I) PRIOR INVESTMENT BY JINGCHENG INDUSTRIAL INVESTMENT IS IN LINE WITH THE STRATEGIC LAYOUT AND CONDUCIVE TO THE PROGRESS OF THE PROJECT

The development of the hydrogen energy industry is related to national energy security and place a great significance to the achievement of the dual-carbon target. As a state-owned enterprise in Beijing, Jingcheng Machinery Electric, in accordance with the national development strategies and the high precision industrial layout requirements of the “14th Five-Year Plan” period of the Beijing Municipality, has assumed the responsibility of fostering the hydrogen energy industry, and has been actively engaged in the hydrogen energy production, refueling, key components and hydrogen applications in combination with the advantages of the storage and transportation industry. This will further leverage the synergy between the upstream and downstream industrial chains, strengthen the Group’s overall competitiveness and further expand the scope of application of the Company’s storage and transportation business in the hydrogen energy sector.

As one of the earliest batch of companies engaged in the hydrogen energy equipment industry in the PRC, Shanghai Sunwise has a strong capability of independently developing and industrializing key technologies in the hydrogen energy industry chain, and possesses an advantage in research and development and technology reserve to provide hydrogen energy products and services to domestic customers in various directions such as transportation, distributed energy, nuclear power, etc., and nationalization was gradually achieved. As an industrial reserve and development project, Jingcheng Machinery Electric intends

LETTER FROM THE BOARD

to take into account the stage of development and prospects of the hydrogen energy industry, as well as actively cultivate the enterprise's scale development, in order to improve the Group's strategic layout in the hydrogen energy field and form an advantage effect throughout the industrial chain.

(II) PRIOR INVESTMENT BY JINGCHENG INDUSTRIAL INVESTMENT IS IN COMPLIANCE WITH THE RELEVANT STATE-OWNED ASSETS SUPERVISION POLICIES AND REQUIREMENTS

The Guiding Opinions require that “eligible state-owned shareholders may, on the basis of full consultation with the listed companies under their control, make use of their own advantages in terms of brand name, resources and financial position to cultivate on behalf of the listed companies, in accordance with the market principle, businesses or assets that meet the business development needs of the listed companies but are not suitable for implementation by the listed companies for the time being. Any agreement on business cultivation between a listed company and a state-owned shareholder shall be authorized by the general meeting of the listed company. The listed company shall have the right of first refusal under the same conditions when the state-owned shareholders transfer the business that has matured from cultivation.” Accordingly, it is in compliance with the requirements of the aforesaid State-owned Assets Policy for Jingcheng Industrial Investment to make prior investment in Shanghai Sunwise and entrust the management of the corresponding equity interests to the Company (please refer to section 4 of this circular for details).

(III) THE ACQUISITION OF EQUITY INTEREST IN SHANGHAI SUNWISE MAY HAVE A SIGNIFICANT IMPACT ON THE CASH FLOW AND EARNINGS OF THE COMPANY

Shanghai Sunwise is currently under great pressure to make continuous research and development investment and has not made any profit (in accordance with the audited financial data for 2023, the consolidated research and development expenses of Shanghai Sunwise amounted to approximately RMB23.44 million and the net loss amounted to approximately RMB29.55 million), and there is uncertainty in matching the risks and returns of the equity investment in Shanghai Sunwise.

The business model of the hydrogen energy industry is still immature, and Shanghai Sunwise does not have sustainable profitability in the short term. If the Transaction is conducted by the Company, taking into account the financial situation of the Company and Shanghai Sunwise as a whole, it may have a material adverse impact on the cash flow and profit levels of the Company, which would not be conducive to the stable operation of the Company nor the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Taking into account the actual production and operation of the Company and the relevant assets as a whole, if the Transaction is conducted by the Company, it may have a significant negative impact on the cash flow and earnings of the Company, and the prior investment by Jingcheng Industrial Investment is in compliance with the relevant policies requirements. The Company is giving up the Business Opportunity at this stage and intends to let Jingcheng Industrial Investment implement the Transaction, which would not have any material impact on the daily production and operation of the Company, will not have any adverse impact on the development of the Company, and will be conducive to the promotion of the sustainable and healthy development of the Company as well as to safeguard the interests of the Company or other investors.

(D) APPROVAL BY THE SHAREHOLDERS

The relinquishment of the Business Opportunity does not constitute a transaction for the Company under the Hong Kong Listing Rules.

In accordance with the Guiding Opinions, the SSE Listing Rules and other relevant regulations, the Company proposes to submit a resolution for the proposed prior investment in Shanghai Sunwise by Jingcheng Industrial Investment for consideration and approval by the Shareholders at the EGM.

As at the Latest Practicable Date, Jingcheng Machinery Electric is interested in 245,735,052 A Shares (representing approximately 44.87% of all the issued Shares). Accordingly, Jingcheng Machinery Electric and its associates will abstain from voting on the relevant resolution at the EGM.

3. THE SUPPLEMENTAL UNDERTAKING REGARDING AVOIDANCE OF HORIZONTAL COMPETITION

In order to further implement the requirements of relevant laws and regulations in relation to the avoidance of horizontal competition, in accordance with the requirements of the Guidelines for the Regulation of Listed Companies No. 4 – Undertakings Made by Listed Companies and Relevant Parties, to effectively safeguard the interests of the Company and its Shareholders in a practical manner, Jingcheng Machinery Electric intends to further issue the Supplemental Undertaking regarding the Transaction, the contents of which are as follows:

1. During the eight years from the completion of the Transaction, Jingcheng Machinery Electric will initiate the injection of its equity interests in Shanghai Sunwise or its assets or businesses subject to horizontal competition into the Company at fair value by means of asset restructuring, equity transfer or other legal means in the principles of benefiting the development of the Company and safeguarding the interests of the Shareholders, in particular the interests of the minority Shareholders, and in compliance with the prevailing applicable laws, regulations and regulatory rules, in accordance with the operating conditions and sustainable profitability of Shanghai Sunwise, the strategic layout of the hydrogen energy industry of the Beijing SASAC and the Company's own development

LETTER FROM THE BOARD

needs upon approval by the competent authorities. If the relevant equity interests, assets or businesses have not been injected into the Company by the expiry of the aforesaid period, Jingcheng Machinery Electric undertakes to negotiate with the Company for an extension of the entrustment period, or to transfer the relevant equity interests in Shanghai Sunwise or its assets or businesses subject to horizontal competition to an unrelated third party, or to eliminate horizontal competition through integration of businesses or assets.

2. During the period when the Company is entrusted with management of the equity interests in Shanghai Sunwise (please refer to section 4 of this circular for details), in the event that there are changes in the market, policies or other factors and the Company considers that Shanghai Sunwise is no longer suitable for the business development needs of the Company, or it is expected that Shanghai Sunwise will not be able to meet the conditions for injection into the Company in the future, after negotiation between Jingcheng Industrial Investment and the Company, the Company may, after performing the necessary decision-making procedures, terminate the entrusted management of the equity interests in Shanghai Sunwise. Upon termination of the entrusted management, Jingcheng Machinery Electric undertakes to transfer the equity interests in Shanghai Sunwise to an unrelated third party or take other measures as permitted by the prevailing laws, regulations and regulatory rules to solve the horizontal competition.

The above transaction does not contravene the relevant provisions of the original Undertaking Letter Regarding Avoidance of Horizontal Competition of Jingcheng Industrial Investment, and does not involve any change in undertakings set out in the Guidelines for the Regulation of Listed Companies No. 4 – Undertakings Made by Listed Companies and Relevant Parties and are in compliance with the requirements of the laws and regulations.

For the reasons stated in section 2(C) of this circular, the Board agrees with the contents of the Supplemental Undertaking and considers that the issuance of the Supplemental Undertaking by Jingcheng Machinery Electric to the Company is in the interests of the Company and the Shareholders as a whole.

The issuance of the Supplemental Undertaking by Jingcheng Machinery Electric to the Company does not constitute a transaction for the Company under the Hong Kong Listing Rules.

In accordance with the Guiding Opinions, the SSE Listing Rules and other relevant regulations, the Company proposes to submit a resolution for the proposed prior investment in Shanghai Sunwise by Jingcheng Industrial Investment for consideration and approval by the Shareholders at the EGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Jingcheng Machinery Electric is interested in 245,735,052 A Shares (representing approximately 44.87% of all the issued Shares). Accordingly, Jingcheng Machinery Electric and its associates will abstain from voting on the relevant resolution at the EGM.

4. ENTRUSTED EQUITY MANAGEMENT AGREEMENT

Upon completion of the Transaction by Jingcheng Industrial Investment, Jingcheng Industrial Investment intends to enter into the Agreement with the Company.

(A) Principal Terms of the Agreement

Parties

1. Entrustor: Jingcheng Industrial Investment
2. Trustee: the Company

Equity Interest under Entrusted Management

Not less than 34.58% equity interest in Shanghai Sunwise (subject to the actual acquisition of equity interest in Shanghai Sunwise by Jingcheng Industrial Investment)

Scope and Matters of Entrusted Management

The Company will, on behalf of Jingcheng Industrial Investment, exercise the shareholders' rights in accordance with the laws, regulations and the articles of association of Shanghai Sunwise besides the rights to revenue, requiring dissolution of the company, liquidation, distribution and disposal of remaining assets (including collaterals), which mainly include:

1. To attend shareholders' general meetings of Shanghai Sunwise to exercise voting rights in respect of resolutions other than those specified by Shanghai Sunwise as significant matters (including (1) increase or reduction of registered capital; (2) application for bankruptcy or change of the form of the company; (3) disposal of the company's equity interests; (4) distribution of profits; (5) issue of securities and external guarantees of the company; (6) amendment of the articles of association);
2. The right to convene the shareholders' general meeting of Shanghai Sunwise;
3. To submit resolutions to the shareholders' general meeting of Shanghai Sunwise;
4. To designate or nominate the directors, supervisors and senior management of Shanghai Sunwise according to the recommendation of Jingcheng Industrial Investment;

LETTER FROM THE BOARD

5. To obtain information of Shanghai Sunwise that should be notified in accordance with the laws, regulations or the articles of association of Shanghai Sunwise; and
6. Other shareholder rights conferred by the Company Law of the PRC and the articles of association of Shanghai Sunwise.

The revenue attributable to the equity interest in Shanghai Sunwise held by Jingcheng Industrial Investment is vested in Jingcheng Industrial Investment, and the Company shall not illegally encroach the revenue to which Jingcheng Industrial Investment is entitled. The right to dispose of the equity interest in Shanghai Sunwise is also vested in Jingcheng Industrial Investment, and the Company shall not transfer, pledge or impose other rights restrictions on the equity interest of Shanghai Sunwise or entrust any third party to manage the equity interest in Shanghai Sunwise without the prior written consent of Jingcheng Industrial Investment.

Entrusted Management Fee

The entrusted management fee shall be payable by Jingcheng Industrial Investment to the Company at RMB0.2 million per annum. The entrusted management fee for the previous year shall be paid by Jingcheng Industrial Investment to the Company by the end of April in the following year, and the Company shall issue a qualified invoice to Jingcheng Industrial Investment prior to the payment.

Term of the Entrusted Management

The term of the Agreement shall commence from the effective date of the Agreement until the occurrence of one of the following events, whichever is earlier:

- (1) the date on which the Company and Shanghai Sunwise eliminate horizontal competition; or
- (2) without breaching the Undertaking Regarding Avoidance of Horizontal Competition given by Jingcheng Machinery Electric, the date on which the Company and Jingcheng Industrial Investment agree unanimously to terminate the Agreement.

Notwithstanding the above, the termination date of the Agreement shall be no more than eight years from the effective date of the Agreement. In the event that the conditions as agreed above have not been fulfilled before the expiry of the term of eight years, the Company and Jingcheng Industrial Investment shall negotiate for the extension of the term of the Agreement and reach a new agreement on the extension of the term of the Agreement six months in advance.

LETTER FROM THE BOARD

(B) REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

It is necessary and reasonable to enter into the Agreement in order to avoid the risk of horizontal competition with the Company as a result of the prior investment in Shanghai Sunwise by Jingcheng Industrial Investment. The Transaction contemplated under the Agreement does not involve any transfer of asset ownership, change in management, relocation of personnel, land lease, etc. The Company will only provide the entrusted equity management services and receive the entrusted management fee, which will not result in any change in the scope of the Company's consolidated financial statements and will not have any material impact on the production and operation of the Company. The entrusted management fee under the Agreement has taken into account the costs incurred for the performance of the entrustment work as stipulated in the Agreement and was determined by both parties after negotiations, and the consideration of the Transaction is fair. There is no circumstance that will be detrimental to the interests of the Company and the Shareholders as a whole.

The Board considers that the Agreement and the transactions contemplated thereunder are entered into on normal commercial terms, the terms of which are fair and reasonable, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

(C) INFORMATION ON THE PARTIES

The Company's business scope includes general freight; development, design, sales, installation, debugging and repair of cryogenic storage transport vessel, compressor (piston compressor, membrane compressor and nuclear membrane compressor) and accessories, machinery equipment and electrical equipment; technical consulting; technical service; economic trade consulting; goods import and export; technical import and export; and agency for import and export. The controlling shareholder of the Company is Jingcheng Machinery Electric.

Jingcheng Industrial Investment is a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Jingcheng Machinery Electric. The business principal scope of Jingcheng Industrial Investment includes projects investment; investment management; assets management; corporate management; corporate management consulting (except intermediary).

Jingcheng Machinery Electric is a state-owned enterprise incorporated in the PRC. Its scope of operation includes labor dispatching; management of state-owned assets within the scope of authorization; investment and investment management; real estate development, commodity housing sales; leasing of properties; property management; technology transfer, technical training, technical consulting, technical services; sale of machinery and electrical equipment (excluding automobiles); technology development.

LETTER FROM THE BOARD

(D) APPROVAL BY THE SHAREHOLDERS

Jingcheng Industrial Investment is a wholly-owned subsidiary of Jingcheng Machinery Electric. Since Jingcheng Machinery Electric is the controlling shareholder of the Company, Jingcheng Industrial Investment is an associate of a connected person of the Company. Accordingly, the transactions contemplated under the Agreement constitute continuing connected transactions of the Company. As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Agreement are less than 5%, and the annual entrusted management fee is less than HK\$3 million, the Agreement and the transactions contemplated thereunder are fully exempt pursuant to Rule 14A.76(1)(c) of the Hong Kong Listing Rules.

The proposed signing of the Agreement between Jingcheng Industrial Investment and the Company constitutes a connected transaction under the SSE Listing Rules but does not constitute a material asset reorganisation as stipulated in the Administrative Measures on Material Assets Reorganisation of Listed Companies.

In accordance with the Guiding Opinions, the SSE Listing Rules and other relevant regulation, the Company proposes to submit a resolution for the proposed prior investment in Shanghai Sunwise by Jingcheng Industrial Investment for consideration and approval by the Shareholders at the EGM.

As at the Latest Practicable Date, Jingcheng Machinery Electric is interested in 245,735,052 A Shares (representing approximately 44.87% of all the issued Shares). Accordingly, Jingcheng Machinery Electric and its associates will abstain from voting on the relevant resolution at the EGM.

5. EGM

A notice convening the EGM to be held at the Conference Room of the Company at No. 6 Rong Chang East Street, Daxing District, Beijing, the PRC on 24 June 2024 at 9:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend the above meeting, you are requested to complete the form of proxy for use at the above meeting in accordance with the instructions printed thereon and return the same to the business address of the Company at No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, the PRC, or the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 24 hours before the time appointed for the convention of the above meeting. The completion and delivery of the form of proxy will not preclude you from attending and voting in person at the above meeting or any adjournment thereof if you so wish.

For the purpose of ascertaining the H Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 19 June 2024 to Monday, 24 June 2024 (both days inclusive), during which time no share transfers will be registered. In order to be valid, an instrument of transfer accompanied by share

LETTER FROM THE BOARD

certificates and other appropriate documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 18 June 2024. The Shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 18 June 2024 are entitled to attend and vote at the EGM.

6. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes on the ordinary resolution at the AGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under the requirements of Rules 13.39(5) and 13.39(5A) of the Hong Kong Listing Rules.

7. RECOMMENDATION

The Directors consider the resolution proposed for consideration and approval by the Shareholders at the EGM is in the best interests of the Company and the Shareholders as a whole, and accordingly recommend the Shareholders to vote in favour of all the resolution as set out in the notice of EGM.

By order of the Board
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

NOTICE OF EGM



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)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2024

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting of 2024 (the “**EGM**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) will be convened by the board of directors of the Company (the “**Board**”) and held at the Conference Room of the Company at No. 6 Rong Chang East Street, Daxing District, Beijing, the PRC, on Monday, 24 June 2024 at 9:30 a.m. for the purpose of considering and, if thought fit, with or without modifications, passing the following resolution. A combination of on-site voting and internet voting by way of poll will be adopted at the EGM.

Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 31 May 2024.

MATTERS TO BE CONSIDERED AT THE EGM

To consider the resolution in relation to the prior investment in Shanghai Sunwise by a wholly-owned subsidiary of the controlling shareholder.

ATTENDEES OF THE MEETING AND REGISTRATION METHOD

- (I) The Directors, supervisors and senior management of the Company.
- (II) Lawyers engaged by the Company.
- (III) The Shareholders of the Company whose names appear on the register of members of the Company on 18 June 2024 shall have the right to attend the EGM after completing the necessary registration procedures.

Holders of the Company's H shares should note that the register of members of the Company will be closed from 19 June 2024 to 24 June 2024 (both days inclusive), during which no H Shares transfer will be registered. For holders of H Shares who intend to attend the EGM, transfer documents together with the relevant share certificates must be lodged with the H Shares registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 18 June 2024.

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A corporate shareholder should attend the meeting by its legal representative or the proxy appointed by the legal representative. A legal representative who attends the meeting should present his or her own identity document, valid documents evidencing his or her capacity as a legal representative and evidence of shareholding. While a proxy is appointed to attend the meeting, the proxy should present his or her identity document, the power of attorney issued in writing by the legal representative of the corporate shareholder in accordance with the laws and evidence of shareholding.

1. Each Shareholder who is entitled to attend and vote at the EGM may appoint one or more proxy(ies), who need not be a Shareholder, to attend and vote on his or her behalf at the EGM.
2. For any Shareholder who appoints more than one proxy, his or her proxies can only exercise the voting right by way of poll.
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his or her attorney authorised in writing. If that instrument is signed by an attorney on behalf of the appointer, the power of attorney authorising that attorney to sign, or other authorisation documents, must be notarially certified. To be valid, the notarially certified copy of the power of attorney, or other authorisation documents, together with the form of proxy must be delivered to the business address of the Company or lodged with the H Shares registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM.

OTHER MATTERS

1. Contact for the meeting

Contact telephone: 86 10 87707288
Fax: 86 10 87707291
Contact person: Board office of the Company
Address: No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou
District, Beijing, the PRC
Postal Code: 101109

2. The EGM is expected to last for half a day. The Shareholders attending the meeting should bear their own accommodation and travel expenses.

NOTICE OF EGM

3. Personnel attending the meeting shall arrive at the venue of the meeting half an hour before the commencement of the meeting and bring along the original identity document, stock account card and power of attorney for verification.

By order of the Board
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
31 May 2024

As at the date of this notice, the Board of the Company comprises Mr. Zhang Jiheng as executive director, Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong and Ms. Li Chunzhi as non-executive directors, and Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive directors.