

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTIONS AGREEMENTS FOR THE ACQUISITION OF PRECISION NUMERICAL CONTROL MACHINE TOOLS

AGREEMENTS FOR THE ACQUISITION OF PRECISION NUMERICAL CONTROL MACHINE TOOLS

On 28 June 2024, Beijing Tianhai, a wholly-owned subsidiary of the Company, and BYJC entered into the Acquisition Agreements, pursuant to which Beijing Tianhai intends to acquire 3 sets of precision numerical control machine tools produced by BYJC to meet the Group's production needs for a total consideration of RMB3.50 million.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Jingcheng Machinery Electric owns 245,735,052 A Shares of the Company (representing approximately 44.87% of total issued shares of the Company) and is the controlling shareholder of the Company and a connected person of the Company under the Listing Rules. As Jingcheng Machinery Electric holds all the equity interest in BYJC and is the controlling shareholder of BYJC, BYJC is an associate of Jingcheng Machinery Electric and a connected person of the Company. Accordingly, the transactions contemplated under the Acquisition Agreements will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Acquisition Agreements pursuant to the Listing Rules is above 0.1% but below 5%, the Company is only required to comply with the reporting and announcement requirements but is exempted from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 28 June 2024, Beijing Tianhai, a wholly-owned subsidiary of the Company, and BYJC entered into the Acquisition Agreements, pursuant to which Beijing Tianhai intends to acquire 3 sets of precision numerical control machine tools produced by BYJC to meet the Group's production needs for a total consideration of RMB3.50 million.

AGREEMENTS FOR THE ACQUISITION OF PRECISION NUMERICAL CONTROL MACHINE TOOLS

The principal terms of the Acquisition Agreements are set out below:

Date	:	28 June 2024
Parties	:	(1) Purchaser: Beijing Tianhai (a wholly-owned subsidiary of the Company) (2) Seller: BYJC (a wholly-owned subsidiary of Jingcheng Machinery Electric)
Assets to be acquired	:	2 sets of turning and milling compound numerical control machine tools and 1 set of numerical control lathe machine tool
		There are no initial acquisition costs in respect of the machine tools as they are constructed by BYJC itself.
Consideration for the transactions and basis of consideration	:	The total consideration is RMB3.50 million, among which RMB1.20 million for each set of turning and milling compound numerical control machine tool and RMB1.10 million for each set of numerical control lathe machine tool.

The consideration under the Acquisition Agreements was determined after negotiation between the parties based on the principles of equality, voluntariness, fairness, honesty and credibility, taking into account the technical requirements of the equipment, the pricing and confidentiality of the products, and with reference to the prevailing market price of similar sizes and types of machine tools and the prevailing market conditions.

Beijing Tianhai will pay the consideration from self-owned funds.

- Payment method** : (1) Within 5 working days from the date of signing of the Acquisition Agreements, Beijing Tianhai shall pay 30% of the total consideration to BYJC as prepayment;
- (2) Upon pre-acceptance and prior to the first shipment, Beijing Tianhai shall pay 30% of the total consideration to BYJC as delivery payment;
- (3) Within 5 working days after final acceptance, Beijing Tianhai shall pay 40% of the total consideration to BYJC.
- Transfer of title** : The title of the precision numerical control machine tools shall be transferred to Beijing Tianhai from the date of final acceptance. BYJC shall have the right to dispose of the precision numerical control machine tools before the transfer of title. BYJC shall make delivery before 30 September 2024.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENTS

The 3 sets of precision numerical control machine tools are acquired to meet the Group's production and operational needs. The acquisition of such machine tools from BYJC was made after taking into account the following factors:

1. In terms of technical requirements, various technical requirements of the machine tools produced by BYJC meet the actual needs of Beijing Tianhai, and are of high precision, efficiency and stability.
2. In terms of confidentiality, the acquisition of the equipment from BYJC will help ensure the confidentiality of the projects proposed to be carried out by Beijing Tianhai.
3. In terms of product pricing, after comparing similar types of machine tools in the market, under the same quality and conditions, the pricing terms of BYJC meet the Group's requirements.

In light of the above, the acquisition of 3 sets of precision numerical control machine tools from BYJC is in line with the actual needs of Beijing Tianhai. The terms of the transactions and pricing for the acquisition of the precision numerical control machine tools are fair and in line with the principle of fairness in trading. The approval procedures have been performed in accordance with the relevant regulations. There are no circumstances that are detrimental to the interests of the Company and the Shareholders as a whole, and the results of the transactions will not have any impact on the Company's ability to continue as a going concern and its independence.

OPINION OF THE BOARD

In view of the above reasons and benefits, the Board (including the independent non-executive Directors) is of the view that the transactions contemplated under the Acquisition Agreements are conducted on normal commercial terms or better in the ordinary course of business of the Group, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the transactions contemplated under the Acquisition Agreements. Having considered that Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong and Ms. Li Chunzhi, the non-executive Directors, were nominated by Jingcheng Machinery Electric and serve as senior management of Jingcheng Machinery Electric and/or its subsidiaries (other than the Group), Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong and Ms. Li Chunzhi have abstained from voting on the board resolutions in relation to the approval of the Acquisition Agreements and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Jingcheng Machinery Electric owns 245,735,052 A Shares of the Company (representing approximately 44.87% of total issued shares of the Company) and is the controlling shareholder of the Company and a connected person of the Company under the Listing Rules. As Jingcheng Machinery Electric holds all the equity interest in BYJC and is the controlling shareholder of BYJC, BYJC is an associate of Jingcheng Machinery Electric and a connected person of the Company. Accordingly, the transactions contemplated under the Acquisition Agreements will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Acquisition Agreements pursuant to the Listing Rules is above 0.1% but below 5%, the Company is only required to comply with the reporting and announcement requirements but is exempted from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

Information on the Company

The Company's general scope of operation includes general logistics; professional contracting; developing, designing, selling, installing, adjusting and maintaining cryogenic containers, compressors (piston compressor, membrane compressor and membrane compressor of nuclear grading) and accessories; machinery equipment and electrical equipment; technical consultancy and technical services; economic and trade consultation; import and export of commodities and technology and acting as import and export agency.

Information on Beijing Tianhai

Beijing Tianhai is principally engaged in production of gas cylinders, accumulator shells, pressure vessels and auxiliary equipment, add-on components, fire extinguishers, fire extinguishing system products and components, gas cylinders for medical equipment, gas cylinders for life rescues, gas cylinders and components for food machineries, gas and wrapped cylinders and components for gas vehicles, gas storage special containers, bundled devices, cryogenic gas cylinders and components, LPG cylinders and components, aluminium cores, cylinders and components, new enhanced complex materials (complex materials such as carbon fibre, organic fibre and high strength glass fibre) and products, complex gas cylinders (natural gas storage cylinders for vehicles, gas storage cylinders for respirators, containers for water treatment), testing equipment for complex gas cylinders; providing installation, adjustment, maintenance, technical consultancy and services of self-production products; sales of self-production products; wholesale of cryogenic containers for storage and transportation; providing after-sales service and maintenance; import and export of commodities and technology and import and export agency; renting of commercial premises. As at the date of this announcement, Beijing Tianhai is a wholly-owned subsidiary of the Company.

Information on BYJC

BYJC is principally engaged in the manufacturing of mechanical and electrical equipment; mechanical processing; design and sale of mechanical and electrical equipment; technology development, technology transfer, technical consultation, technical services; the leasing of self-owned properties; equipment leasing; sale of self-developed mechanical and electrical equipment, computer software; import and export of goods, import and export of technologies and import and export agency. As at the date of this announcement, BYJC is a wholly-owned subsidiary of Jingcheng Machinery Electric.

Information on Jingcheng Machinery Electric

As at the date of this announcement, 245,735,052 A Shares of the Company (representing approximately 44.87% of the total issued shares of the Company) are held by Jingcheng Machinery Electric, the controlling shareholder of the Company. Jingcheng Machinery Electric is a state-owned enterprise incorporated in the PRC. The licensed scope of operation of Jingcheng Machinery Electric includes labour dispatch; operation and management of state-owned assets within authorized scope; investment and investment management; property development, sale of real estate; property leasing; property

management; technology transfer, technical training, technical consultation, technical services; sale of mechanical and electrical equipment (excluding vehicles); technology development. The ultimate beneficial owner of Jingcheng Machinery Electric is the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality.

DEFINITIONS

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

“A Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE (stock code: 600860)
“Acquisition Agreements”	the sale and purchase contracts both dated 28 June 2024 entered into by Beijing Tianhai and BYJC in relation to the acquisition of 2 sets of turning and milling compound numerical control machine tools and 1 set of numerical control lathe machine tool, respectively
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Beijing Tianhai”	Beijing Tianhai Industry Co., Ltd.* (北京天海工業有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“BYJC”	Beijing No. 1 Machine Tool Co., Ltd.* (北京北一機床有限責任公司), a company established in the PRC and a wholly-owned subsidiary of Jingcheng Machinery Electric
“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 as ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the Main Board of the Stock Exchange (stock code: 00187)
“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 established in the PRC and the controlling shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the shares of the Company, including A Shares and H Shares unless otherwise specified
“Shareholders”	the shareholders of the Company
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Beijing, the PRC
28 June 2024

As at the date of this announcement, the Board 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 Ms. Chen Junping, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive Directors.

* *For identification purposes only*