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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 FAILURE OF THE COMPANY'S  
PERFORMANCE FOR THE SECOND UNLOCKING PERIOD OF THE  
2023 RESTRICTED SHARE INCENTIVE SCHEME TO MEET THE  
PERFORMANCE TARGETS AND REPURCHASE AND  
CANCELLATION OF PART OF THE RESTRICTED 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 legal responsibilities for the truthfulness, accuracy and completeness of the contents herein contained.**

The seventeenth extraordinary meeting of the eleventh session of the board of directors (the “**Board**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**” or “**Jingcheng Co.,**”) was convened on 26 May 2026. At the meeting, the “Resolution in relation to the Failure of the Company’s Performance to Meet the Unlocking Conditions for the Second Unlocking Period of the 2023 Restricted Share Incentive Scheme and the Repurchase and Cancellation of Part of Restricted A Shares” was considered and approved. Given that one of the participants under the initial grant of the “2023 Restricted Share Incentive Scheme of Beijing Jingcheng Machinery Electric Company Limited” (the “**Incentive Scheme**”) terminated the employment relationship with the Company due to job transfer, the Company will repurchase and cancel a total of 33,000 restricted A shares held by such participant that have been granted but subject to lock-up. Furthermore, since the performance metrics at the company level did not meet the unlocking conditions as required for the second unlocking period of the initial grant under the Incentive Scheme, the Company will repurchase and cancel a total of 1,706,100 restricted A shares held by relevant participants that have been granted but subject to lock-up. Based on the above, the Company will repurchase and cancel a total of 1,739,100 restricted A shares held by the participants that have been granted but subject to lock-up. The details are as follows:

## **I. The Implemented Process of Decision-making and Information Disclosure of the Incentive Scheme**

1. On 24 March 2023, the Company convened the twenty-second extraordinary meeting of the tenth session of the Board, at which the “Resolution in relation to the 2023 Restricted Share Incentive Scheme (Draft) of the Company and its Summary”, the “Resolution in relation to the 2023 Restricted Share Grant Scheme of the Company”, the “Resolution in relation to the 2023 Restricted Share Management Measures of the Company” and the “Resolution in relation to the Request to the General Meeting on the Proposed Authorization to the Board to Handle the Relevant Matters related to the Restricted Share Incentive Scheme” were considered and approved. The independent non-executive directors of the Company expressed their independent opinions on the resolutions related to the Incentive Scheme. On the same date, the Company convened the twenty-ninth meeting of the tenth session of the supervisory committee where the relevant resolutions were considered and approved. The supervisory committee of the Company verified the relevant matters of the Incentive Scheme and issued relevant verification opinions.
2. From 12 May 2023 to 22 May 2023, the Company announced the names and positions of the proposed participants of the Incentive Scheme internally. As of the expiration of the announcement period, the supervisory committee of the Company has not received any objections to the list of proposed participants, and there is no feedback recorded. On 28 June 2023, the Company disclosed the “Verification Opinions and Public Announcement of the Supervisory Committee on the List of Proposed Participants under the 2023 Restricted Share Incentive Scheme of the Company”.
3. On 26 June 2023, the Company disclosed the “Announcement in relation to the Approval for the Restricted Share Incentive Scheme by the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People’s Government”, and the Company received the “Approval for the Implementation of the Equity Incentive Scheme by Beijing Jingcheng Machinery Electric Company Limited” (Jing Guo Zi [2023] No. 43) from the Beijing SASAC, and the Beijing SASAC agreed in principle to the implementation of the Incentive Scheme of the Company.
4. On 13 November 2023, the Company convened the first extraordinary general meeting of 2023, the first A shares class meeting of 2023 and the first H shares class meeting of 2023, at which the “Resolution in relation to the 2023 Restricted Share Incentive Scheme (Draft) of the Company and its Summary”, the “Resolution in relation to the 2023 Restricted Share Grant Scheme of the Company”, the “Resolution in relation to the 2023 Restricted Share Management Measures of the Company” and the “Resolution in relation to the Request to the General Meeting on the Proposed Authorization to the Board to Handle the Relevant Matters related to the Restricted Share Incentive Scheme” were considered and approved. On 25 October 2023, the Company disclosed the “Self-inspection Report on the Trading of the Company’s Shares by Insiders with Inside Information of the 2023 Restricted Share Incentive Scheme”.

5. On 14 November 2023, the Company convened the fifth extraordinary meeting of the eleventh session of the Board and the seventh meeting of the eleventh session of the supervisory committee, at which the “Resolution in relation to Matters related to the Adjustment on the 2023 Restricted Share Incentive Scheme” and the “Resolution in relation to the Initial Grant of Restricted Shares to Participants under the 2023 Restricted Share Incentive Scheme” were considered and approved. The independent non-executive directors of the Company expressed their independent opinions on relevant matters, and the Supervisory Committee reviewed the list of participants under the grant and issued verification opinions.
6. On 28 December 2023, the Company completed the registration of the initial grant of restricted shares under the Incentive Scheme in the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, with a total of 5,400,000 Restricted Shares actually granted and registered, and the number of participants under the initial grant was 115. Also, on 29 December 2023, the “Announcement in relation to the Results of the Initial Grant of Restricted Shares under the 2023 Share Incentive Scheme” was disclosed.
7. On 27 February 2025, the “Resolution in relation to the Repurchase and Cancellation of Part of the Restricted A Shares Granted but subject to Lock-up” was considered and approved at the eleventh extraordinary meeting of the eleventh session of the Board of the Company. On the same day, the Company convened the sixteenth meeting of the eleventh session of the supervisory committee, at which relevant resolutions were considered and approved. Among participants under the initial grant, 5 participants were no longer eligible for the incentive due to resignation and other reasons. The Company repurchased and canceled the restricted A shares granted to them, with the total number repurchased and canceled amounting to 180,000 shares.
8. On 28 April 2025, the Company convened the first extraordinary general meeting of 2025, the first A shares class meeting of 2025 and the first H shares class meeting of 2025, at which the “Resolution in relation to the Repurchase and Cancellation of Part of the Restricted A Shares Granted but subject to Lock-up” was considered and approved. On 4 August 2025, the Company completed the procedures for the repurchase and cancellation of the restricted A shares.
9. On 23 June 2025, the “Resolution in relation to the Achievement of the Performance Appraisal Targets of the Company for the First Unlocking Period of the 2023 Restricted Share Incentive Scheme” was considered and approved at the thirteenth extraordinary meeting of the eleventh session of the Board of the Company. On the same day, the Company convened the twentieth meeting of the eleventh session of the supervisory committee, at which relevant resolutions were considered and approved. The aforementioned matters were considered and approved by the remuneration and monitoring committee of the Board and independent directors’ specialized meeting of the Company.

10. On 30 October 2025, the Company convened the tenth meeting of the eleventh session of the Board, at which the “Resolution in relation to the Fulfillment of the Unlocking Conditions of the First Unlocking Period of the Initial Grant under the 2023 Restricted Share Incentive Scheme” was considered and approved. The relevant resolution was considered and approved by the remuneration and monitoring committee of the Board and independent directors’ specialized meeting of the Company. On the same day, the Company convened the twenty-third meeting of the eleventh session of the supervisory committee, at which relevant resolutions were considered and approved.
11. On 26 May 2026, the Company convened the seventeenth extraordinary meeting of the eleventh session of the Board, at which the “Resolution in relation to the Failure of the Company’s Performance to Meet the Unlocking Conditions for the Second Unlocking Period of the 2023 Restricted Share Incentive Scheme and the Repurchase and Cancellation of Part of Restricted A Shares” was considered and approved. The above-mentioned resolution has been considered and approved by the remuneration and monitoring committee of the Board and independent directors’ specialized meeting of the Company.

## **II. Details of the Repurchase and Cancellation of Restricted Shares**

### **1. Reasons for and the number of the repurchase and cancellation**

- (1) According to the relevant provisions of the Incentive Scheme: “if the Participant terminates his/her employment with the Company due to transfer of job, dismissal, retirement, death or incapacity, the exercisable portion (with clear vesting of interests) may be exercised within six months from the date of termination of employment (or when the portion can be exercised) if the exercisable time limit and performance assessment conditions have been met in that year, and the entitlement shall lapse after such six months. Any remaining portion in respect of which the performance assessment conditions for the year are not met will not be released and will be repurchased by the Company at the sum of the Grant Price plus interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People’s Bank of China.”

Given that one of the participants under the initial grant of the Incentive Scheme terminated the employment relationship with the Company due to the transfer of job, the Company will repurchase and cancel a total of 33,000 restricted A shares held by such participant that have been granted but subject to lock-up. The repurchase price shall be the sum of RMB7.33/share plus the interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People’s Bank of China.

- (2) In accordance with the relevant provisions of the Incentive Scheme: “As a result of failing to meet the performance metrics at the Company level or the assessment at the individual level, all or part of the restricted A shares of the Participant that have not been unlocked for the current period shall not be unlocked or shall be deferred to the period that follows for unlocking, and shall be repurchased by the Company at the lower of the Grant Price and the market price at the time of repurchase.”

Since the performance metrics at the company level did not meet the unlocking conditions as required for the second unlocking period of the initial grant under the Incentive Scheme, the Company shall repurchase and cancel a total of 1,706,100 restricted A shares held by relevant participants that have been granted but subject to lock-up at a repurchase price of RMB7.33/share.

Based on the above, the Company hereby repurchases and cancels a total of 1,739,100 restricted A shares held by relevant participants that have been granted but subject to lock-up, representing approximately 0.32% of the total share capital of the Company before the repurchase.

## 2. Total amount of funds and the source of funds for the repurchase

The total amount of funds to be used for the repurchase of restricted shares is approximately RMB12,747,603 (plus interests payable for the time deposits in banks as required), which will be financed by the Company’s own funds.

## III. Table of Expected Changes in the Company’s Shareholding Structure Before and After the Repurchase and Cancellation

Class of shares	Before the change		Increase/ decrease in the change Number of change (shares)	After the change	
	Number of shares (shares)	Proportion (%)		Number of shares (shares)	Proportion (%)
Shares subject to lock-up (A shares)	3,445,200	0.63	-1,739,100	1,706,100	0.32
Shares not subject to lock- up (A shares)	444,040,788	81.10	0	444,040,788	81.36
H shares	100,000,000	18.27	0	100,000,000	18.32
<b>Total</b>	<b>547,485,988</b>	<b>100.00</b>	<b>-1,739,100</b>	<b>545,746,888</b>	<b>100.00</b>

Notes: 1. The “proportion” in this table is rounded to two decimal places;

2. The above changes in the structure of share capital are based on the table of the structure of share capital issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon the completion of the repurchase and cancellation;
3. The repurchase and cancellation of part of the restricted A shares shall not result in any change in the controlling shareholders of the Company, and the shareholding distribution of the Company still complies with the relevant provisions as specified in the Listing Rules of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. The repurchase and cancellation will not have any substantial impact on the operating results and the financial position of the Company.

#### **IV. Impact of the Repurchase and Cancellation of Part of Restricted Shares on the Performance of the Company**

The repurchase and cancellation of restricted A shares shall not affect the continuation of the Incentive Scheme. The number of interests lapsed due to the repurchase and cancellation of restricted shares will be adjusted for annual fees amortization according to the fair value determined on the grant date. The repurchase and cancellation of restricted shares as well as the adjustment on the repurchase prices shall have no material impact on the financial position and the operating results of the Company, and shall have no impact on the diligence and accountability of the management team of the Company. The management team of the Company will continue to duly perform their duties and responsibilities, while creating values for shareholders.

#### **V. Adjustments on the Registered Capital of the Company and the Amendments to the Articles of Association**

Following the cancellation of the aforesaid repurchased shares, the registered capital of the Company will be reduced by RMB1,739,100 and corresponding amendments shall be made to relevant provisions of the Articles of Association. After the consideration and approval at the 2025 annual general meeting, the operation management of the Company shall be authorized to amend the relevant clauses of the Articles of Association and complete the procedures for industrial and commercial change registration of the registered capital of the Company.

#### **VI. Opinions of the Independent Directors**

Since one participant under the initial grant of the Incentive Scheme terminated the employment relationship with the Company because of job transfer and the performance metrics at the company level did not meet the unlocking conditions as required for the second unlocking period of the initial grant under the Incentive Scheme, the Company intends to repurchase a total of 1,739,100 restricted A shares that have been granted to relevant participants but subject to lock-up. The repurchase and cancellation comply with the relevant provisions in the “Management Measures for Equity Incentives of Listed Companies” and the Incentive Scheme. The basis, procedure, number and price of the repurchase and cancellation are in compliance with laws and regulations. The repurchase and cancellation of part of the restricted A shares shall have no prejudice to the interests of the Company and all of the shareholders, and shall have no material impact on the financial position and operating results of the Company, with no impact on the continuous

implementation of the Incentive Scheme. Accordingly, such resolution has been considered and approved at the Company's second meeting of the independent directors' specialized meeting of 2026, and the repurchase and cancellation of part of the restricted shares of the initial grant under the Incentive Scheme by the Company is unanimously agreed.

## **VII. Opinions of the Remuneration and Monitoring Committee**

Upon review, the remuneration and monitoring committee of the Board of the Company unanimously agrees that, pursuant to the Incentive Scheme, the Company has repurchased and canceled a total of 1,739,100 restricted A shares that have been granted to relevant participants but subject to lock-up due to job transfer of one participant and the performance metrics at the company level failing to meet the unlocking conditions as required for the second unlocking period of the initial grant under the Incentive Scheme. This is in line with the provisions of the "Management Measures for Equity Incentives of Listed Companies" and the Incentive Scheme. The basis, procedure, number and price of the repurchase and cancellation are legal and effective. The above matters will not result in the distribution of the Company's shares failing to meet the listing requirements, will not affect the continuous implementation of the Incentive Scheme of the Company and shall not prejudice the interests of the Company and the shareholders. Accordingly, the repurchase and cancellation of part of the restricted A shares of the initial grant under the Incentive Scheme by the Company is agreed by the remuneration and monitoring committee of the Board of the Company.

## **VIII. Conclusive Opinion of the PRC Legal Opinion**

Beijing Kangda Law Firm believes that:

- (1) As of the issue date of the "Legal Opinion" from Beijing Kangda Law Firm, the Company has obtained the necessary authorization and approval for the repurchase and cancellation at the current stage, and complies with the relevant requirements in the "Management Measures", the "Trial Measures" and the Incentive Scheme;
- (2) The reasons for, the number and price of the repurchase and cancellation comply with the relevant requirements in the "Management Measures", the "Trial Measures" and the Incentive Scheme; and
- (3) The repurchase and cancellation shall be subject to consideration and approval at the general meeting and the class meetings of the Company, the fulfilment of corresponding information disclosure obligations, as well as the processing of registration and other procedures for reduction of registered capital and cancellation of shares in accordance with the "Company Law" and other laws and regulations, as well as normative documents.

The Company will publish a notice and a circular in due course for the proposed convening of the general meeting to consider the relevant resolutions.

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

Beijing, the PRC  
26 May 2026

*As at the date of this announcement, the Board comprises Mr. Zhang Jiheng as an executive director, Mr. Li Zhongbo, Mr. Wang Kai, Mr. Zhou Yongjun, Mr. Zhao Xihua, 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.*