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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 ON LITIGATION INVOLVING
BEIJING TIANHAI CRYOGENIC EQUIPMENT CO., LTD.**

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 responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

This announcement is made by Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Inside Information Provisions (as defined under the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Important Notes:

- Litigation stage of the case: the case has been established, pending trial.
- Position of the Company in the litigation: defendant.
- Amount involved in the case: RMB66,035,037.2.
- Whether the litigation will cause negative impact on the profit and loss of the Company: since the litigation has not yet been concluded, at present the Company is unable to estimate the impacts of the litigation on the current and subsequent profits of the Company.

I. Basic information of the material litigation

Beijing Tianhai Cryogenic Equipment Co., Ltd. (“**Tianhai Cryogenic**”), a subsidiary of Beijing Tianhai Industry Co., Ltd. (which is a subsidiary of the Company), recently received a “Notice of Response” issued by the Shanghai No. 1 Intermediate People’s Court and a “Civil Complaint” filed by Shanghai Junzheng Logistics Co., Ltd. (上海君正物流有限公司) (“**Junzheng Company**”) to the Shanghai No. 1 Intermediate People’s Court. The Shanghai No. 1 Intermediate People’s Court has accepted the above case [(2020) Hu 01 Min Chu No. 127] [(2020)滬01民初127號].

Name of the litigation institution:	Shanghai No. 1 Intermediate People’s Court
Location of the litigation institution:	No. 1200 Hongqiao Road, Shanghai
Plaintiff:	Shanghai Junzheng Logistics Co., Ltd.
Address:	Unit 01, 5th Floor, No. 233 Changqing North Road, Shanghai Pilot Free Trade Zone
Legal representative:	Huang Hui, Position: Chairman
Defendant:	Beijing Tianhai Cryogenic Equipment Co., Ltd.
Address:	No. 4 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing
Legal representative:	Zhao Ligong, Position: Chairman

II. Facts of the litigation case, contents of the claim

(1) Facts of the case

According to the “Civil Complaint” filed by Junzheng Company:

Sinochem International Logistics Co., Ltd. (中化國際物流有限公司) (“**Sinochem International**”) and Tianhai Cryogenic entered into the “Tank Containers Procurement Contracts” (the “**Contracts**”) on 15 February 2017, 2 May 2017 and 22 June 2017 respectively. The total amount in respect of the outstanding part of the above Contracts was RMB61,992,900.00, which had been paid in full by Junzheng Company.

On 22 April 2019, Sinochem International was renamed as Shanghai Junzheng Logistics Co., Ltd..

On 24 April 2020, Junzheng Company issued a “Notice of Termination of Contracts” to Tianhai Cryogenic, formally informing Tianhai Cryogenic of the termination of the outstanding part of the Contracts, requesting Tianhai Cryogenic to make a refund for the amount paid, and refusing to accept delivery of tank containers.

(2) Contents of the claim

In order to confirm that the outstanding part of the Contracts entered into between Junzheng Company and Tianhai Cryogenic has been terminated, Tianhai Cryogenic shall refund the contractual price, loss on use of funds, travelling expenses, vehicle leasing fees and notary fees to Junzheng Company amounting to RMB66,035,037.2. Tianhai Cryogenic shall bear the security expenses, insurance premium and all litigation expenses.

III. The impact of the litigation on the current or subsequent profits of the Company

Since the litigation matter has not been tried, at present the Company is unable to estimate the impacts of the litigation on the current and subsequent profits of the Company. The Company will actively contest the claim to protect the legitimate interests of the Company. The Company will implement its information disclosure obligations in a timely manner in accordance with the litigation progress. Investors are advised to pay attention to the relevant announcements and the investment risks. Shareholders of the Company and investors are advised to exercise caution when dealing in the securities of the Company.

IV. Documents available for inspection

1. “Civil Complaint”
2. “Notice of Response”

For and on behalf of the Board
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
2 June 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.