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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 ENTERING INTO
THE TRIPARTITE CUSTODY AGREEMENT RELATING TO THE
DESIGNATED ACCOUNTS FOR RAISED FUNDS**

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.

I. Basic information on the raised funds

As approved by the China Securities Regulatory Commission in 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)), Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) will non-publicly issue 63,000,000 ordinary shares denominated in Renminbi (A shares) with an issue price of RMB3.41 per share. The total raised funds amounted to RMB214,830,000. After deducting various issuance expenses of RMB7,524,599.36 (tax inclusive), the actual net raised funds amounted to RMB207,305,400.64. As of 30 June 2020, the raised funds have reached the Company’s account, the Company will deposit the raised funds in the designated accounts.

II. Information on the entering into the “Tripartite Custody Agreement relating to the Designated Accounts for Raised Funds” and the setting up of designated accounts for raised funds

In order to regulate the management and use of the raised funds of the Company, and to protect the interests of the investors, in accordance with the requirements under the relevant laws and regulations and departmental rules, including “No.2 Regulatory Guidance on Listed Companies – Regulatory Requirements for Management and Use of Raised Funds of Listed Companies” (《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》), the “Rules Governing the Listing of Stocks on Shanghai Stock Exchange”, the “Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange” (《上海證券交易所上市公司募集資金管理辦法》), etc., as well as the requirements under the “Management System on the Use of Raised Funds” of the Company, in respect of the three investment projects, including the construction project of the Type IV cylinder automation digital control production line, research and development project of hydrogen energy product and repayment of debts owed to controlling shareholder and financial institutions, the Company, Zhong De Securities Company Limited (the sponsor) (“**Zhong De Securities**”) and Hua Xia Bank Co., Ltd. (Beijing Branch) entered into the “Tripartite Custody Agreement relating to the Designated Accounts for Raised Funds” respectively. There was no material discrepancy between the contents of such agreement and the “Tripartite Custody Agreement relating to the Designated Accounts for Raised Funds (Template)” formulated by the Shanghai Stock Exchange.

The information in relation to the setting up of and the deposit of raised funds in the designated accounts for non-public issuance of the Company is as follows:

No.	Bank	Bank account no.	Purpose of the designated account	Amount of raised funds in the designated account (RMB 0'000)
1	Hua Xia Bank Co., Ltd. (Beijing Branch)	10262000000869946	Construction project of the Type IV cylinder automation digital control production line	5,200.00
2	Hua Xia Bank Co., Ltd. (Beijing Branch)	10262000000869924	Research and development project of hydrogen energy product	2,728.50
3	Hua Xia Bank Co., Ltd. (Beijing Branch)	10262000000869935	Repayment of debts owed to controlling shareholder and financial institutions	12,802.040064

III. Principal terms of the “Tripartite Custody Agreement relating to the Designated Accounts for Raised Funds”

Party A: Beijing Jingcheng Machinery Electric Company Limited, Beijing Tianhai Industry Co., Ltd. (“**Party A**”)

Party B: Hua Xia Bank Co., Ltd. (Beijing Branch) (“**Party B**”)

Party C: Zhong De Securities Company Limited (the sponsor) (“**Party C**”)

1. Party A has set up designated accounts for the raised funds in Party B (the “**Designated Accounts**”). Bank account no. 10262000000869946 with a balance in the Designated Account of RMB52.000 million. The Designated Account is only used for the construction project of the Type IV cylinder automation digital control production line of Party A and shall not be used for any other purpose. Bank account no. 10262000000869924 with a balance in the Designated Account of RMB27.285 million. The Designated Account is only used for the research and development project of hydrogen energy product and shall not be used for any other purpose. Bank account no. 10262000000869935 with a balance in the Designated Account of RMB12.802040064 million. The Designated Account is only used for the deposit and use of raised funds to be invested in the repayment of debts owed to controlling shareholder and financial institutions, etc., and shall not be used for any other purpose.

The Designated Accounts shall not be withdrawn, exchanged and overdrawn. Save for the businesses under the agreement, no cheque business shall be processed, no self-service transfer functions such as online banking shall be processed, but the activation of the online enquiry function shall be allowed. The application for the aforementioned businesses shall not be made by Party A and Party B shall have the right to refuse to process with no liability.

2. Party A and Party B shall jointly comply with the laws, regulations and rules including, “Negotiable Instruments Law of the People’s Republic of China” (《中華人民共和國票據法》), the “Measures for Payment and Settlement” (《支付結算辦法》) and the “Administrative Measures for Renminbi Bank Settlement Accounts” (《人民幣銀行結算賬戶管理辦法》).

3. Party C, being the sponsor of Party A, shall designate sponsor representative(s) or other personnel to monitor the use of raised funds by Party A pursuant to the related provisions.

Party C undertakes to fulfil the sponsor's duties and carry out continuous supervision in respect of the Party A's management of the raised funds pursuant to the "Measures for the Administration of the Sponsorship of Securities Offering and Listing" (《證券發行上市保薦業務管理辦法》), the "Administrative Measures for Funds Raised by Companies Listed on the Shanghai Stock Exchange" (《上海證券交易所上市公司募集資金管理辦法》) as well as the "Management System on Raised Funds" formulated by Party A.

Party C may exercise its supervisory power through on-site inspections and written inquiries etc. Party A and Party B shall cooperate with Party C during the inspections and inquiries. The deposit in the Designated Accounts shall also be inspected during the on-site inspections of Party A conducted by Party C half-yearly.

4. As authorized by Party A, Hao Guodong and Liu Xiaoning, being the sponsor representatives designated by Party C, may visit Party B anytime to inquire and copy information in relation to the Designated Accounts of Party A. Party B shall provide them with the information in relation to the Designated Accounts as required in a timely, accurate and complete manner.

The sponsor representative(s) shall present his/her legal identity proof when inquiring Party B on the information in relation to the Designated Accounts of Party A. Other personnel designated by Party C shall present his/her legal identity proof and unit referral letter when inquiring Party B on the information in relation to the Designated Accounts of Party A.

5. Party B shall issue true, accurate and complete account statements of the Designated Accounts to Party A and forward a copy to Party C on a monthly basis (prior to the 10th day of each month).
6. Where Party A, once or accumulatively within 12 months, withdraws an amount of more than RMB50 million from the Designated Accounts and such amount reaches 20% of the net raised funds (total raised funds deducted by the issuance expenses), Party A and Party B shall notify Party C by way of facsimile and provide a list of withdrawals of the Designated Accounts in a timely manner.
7. Party C shall have the right to replace the designated sponsor representative(s) pursuant to relevant provisions. Where Party C replaces the sponsor representative(s), it shall notify Party B in writing along with the relevant documental proof, and notify in writing the contact details of the sponsor representative(s) after the replacement pursuant to the requirement of the contact details. The replacement of sponsor representative(s) shall not affect the validity of the agreement.

8. Where Party B fails to issue the account statements to Party A on three consecutive occasions or notify Party C of significant amount withdrawal from the Designated Accounts or cooperate with Party C during its inspections on the Designated Accounts, Party A shall have the right to unilaterally terminate the agreement and close the Designated Accounts, or Party A shall terminate the agreement and close the Designated Accounts at the request of Party C.
9. If Party C notices any failure of Party A and Party B in the performance of the agreement, it shall report in writing to the Shanghai Stock Exchange in a timely manner after gaining knowledge of the relevant facts.
10. The agreement shall be effective from the date on which the legal representatives/person-in-charge or its authorized representatives of Party A, Party B and Party C have signed and affixed their respective official seals, and shall expire upon the complete withdrawal of the funds from and the closing of the Designated Accounts in accordance with the laws.

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

Beijing, the PRC
30 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 Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive directors.