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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)

VOLUNTARY ANNOUNCEMENT ON ENTERING INTO THE 2021 COOPERATION FRAMEWORK AGREEMENT AND RELATED PARTY TRANSACTIONS BETWEEN BEIJING TIANHAI INDUSTRY CO., LTD., A SUBSIDIARY OF THE COMPANY AND BEIJING JINGCHENG ZHITONG ROBOT TECHNOLOGY 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.

Important notice:

- Summary of the related party transactions: Beijing Tianhai Industry Co., Ltd. (“Beijing Tianhai”), an indirectly wholly-owned subsidiary of Beijing Jingcheng Machinery Electric Company Limited (the “Company”), proposes to enter into a 2021 cooperation framework agreement with Beijing Jingcheng Zhitong Robot Technology Co., Ltd (“Jingcheng Zhitong”) (the “2021 Cooperation Framework Agreement”).
- Related relationship: Mr. Wang Jun is the chairman of the tenth session of the board of directors of the Company, and is a related natural person of the Company; at the same time, Mr. Wang Jun is the chairman of Jingcheng Zhitong, pursuant to the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Jingcheng Zhitong is a related legal person of the Company; Beijing Tianhai is an indirectly wholly-owned subsidiary of the Company, the transaction constitutes a related party transaction. Pursuant to the relevant requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), Jingcheng Zhitong is not a connected person of the Company. Therefore, the transaction does not constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

- The agreement is only an agreement of intent between the parties to the agreement and the outcome remains uncertain.
- The transaction is not required to be submitted to the general meeting of the Company for consideration.

I. SUMMARY OF THE RELATED PARTY TRANSACTIONS

In order to further enhance the automation, intelligence and information technology of the production line of the enterprise, Beijing Tianhai proposes to enter into the 2021 Cooperation Framework Agreement with Jingcheng Zhitong. The transaction does not constitute a material asset reorganization under the Administrative Measures for the Material Assets Reorganization of Listed Companies.

Mr. Wang Jun is the chairman of the tenth session of the board of directors of the Company, and is a related natural person of the Company; at the same time, Mr. Wang Jun is the chairman of Jingcheng Zhitong, pursuant to the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Jingcheng Zhitong is a related legal person of the Company; Beijing Tianhai is an indirectly wholly-owned subsidiary of the Company, the transaction constitutes a related party transaction. Pursuant to the relevant requirements under Chapter 14A of the Hong Kong Listing Rules, Jingcheng Zhitong is not a connected person of the Company. Therefore, the transaction does not constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules. In considering and voting on the 2021 Cooperation Framework Agreement between Beijing Tianhai and Jingcheng Zhitong, Mr. Wang Jun, as a related director, recused from voting.

The transaction is not required to be submitted to the general meeting of the Company for consideration.

II. BASIC INFORMATION ON THE RELATED PARTY

(1) Related relationship

Mr. Wang Jun is the chairman of the tenth session of the board of directors of the Company, and is a related natural person of the Company; at the same time, Mr. Wang Jun is the chairman of Jingcheng Zhitong, pursuant to the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Jingcheng Zhitong is a related legal person of the Company; Beijing Tianhai is an indirectly wholly-owned subsidiary of the Company, the transaction constitutes a related party transaction. Pursuant to the relevant requirements under Chapter 14A of the Hong Kong Listing Rules, Jingcheng Zhitong is not a connected person of the Company. Therefore, the transaction does not constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

(2) Basic information on the related party

Company name:	Beijing Jingcheng Zhitong Robot Technology Co., Ltd.
Registered address:	Room 206, 2nd Floor, Building 2, No. 5, Yongchang South Road, Beijing Economic and Technological Development Zone, Beijing
Legal representative:	Wang Jun
Registered capital:	RMB470 million
Type of company:	Other limited liability company
Term of operation:	13 May 2019 to 12 May 2049
Principal scope of business:	Technology development, technology transfer, technology promotion, technology services, technology consulting; software development; application software services; computer system services; basic software services; goods import and export; technology import and export; conference services; exhibition and exhibition activities; property management; sales of robots, machinery equipment; equipment installation, leasing, and maintenance.

As of 31 December 2020, the total assets of Jingcheng Zhitong amounted to RMB710.27 million, net assets amounted to RMB429.00 million, operating income of 2020 amounted to RMB246.74 million, and net profit amounted to RMB58.88 million (the abovementioned financial statistics are unaudited).

III. MAJOR CONTENT OF THE 2021 COOPERATION FRAMEWORK AGREEMENT

(1) Subject of the agreement

Party A: Beijing Tianhai Industry Co., Ltd.

Party B: Beijing Jingcheng Zhitong Robot Technology Co., Ltd.

(2) Major content of the 2021 Cooperation Framework Agreement

1. Purpose and goal of the cooperation

On the basis of friendly cooperation, both parties had made full use of Beijing Tianhai's decades of production and management experience in the field of gas storage and transportation equipment manufacturing, and combined with the technical expertise and talent advantages of Jingcheng Zhitong in domestic intelligent factories to form a complementary advantage, benefit sharing, risk sharing and common development cooperative mechanism, and jointly create a high-quality, efficient, low-consumption, clean and flexible intelligent factory solution to build Beijing Tianhai and its subsidiaries into world-leading automated and intelligent production and manufacturing bases for gas storage and transportation equipment, while enhancing Jingcheng Zhitong's understanding and automated conversion capabilities in the overall construction of intelligent factories.

2. Cooperation mode and content

- (1) Beijing Tianhai and its subsidiaries focus on the requirements for automation and intelligent application on the production site. The improvement of the process technology route is proposed, and Jingcheng Zhitong will be mainly responsible for the construction of automation and intelligent system through in-depth study of the production process.
- (2) In the process of transformation of the production lines of Beijing Tianhai and its subsidiaries, Jingcheng Zhitong will deeply participate in the negotiation and overall planning and provide constructive opinions and transformation measures for the construction and planning of intelligent factories, while establishing close contacts to advance the promotion and application of the cooperation outcome.
- (3) Upon signing of the agreement, Beijing Tianhai and its subsidiaries shall continue to comply with the relevant laws and regulations such as the "Law of the People's Republic of China on Tendering and Bidding", "Regulations for the Implementation of the Law of the People's Republic of China on Tendering and Bidding", as well as the Company's relevant measures such as bidding management and procurement management in conducting procurement, the final cooperative relationship will be determined based on the results of the bidding. The total amount of the project contract between Beijing Tianhai and its subsidiaries and Jingcheng Zhitong in the current year is up to RMB30 million (RMB30 million exclusive). For the avoidance of doubt, the above cap set forth in this provision shall not be taken as any undertaking or guarantee given by Beijing Tianhai and its subsidiaries in respect of the amount of the project contract, and Beijing Tianhai and its subsidiaries shall not be liable if the total amount of the project contract in respect of Beijing Tianhai and its subsidiaries and Jingcheng Zhitong do not reach such cap during the current year.

- (4) This agreement shall be affixed with the seal of the legal representative of both parties or its authorized representative and become effective upon the completion of the relevant approval procedures by the shareholder of Party A, Beijing Jingcheng Machinery Electric Company Limited.

3. *Confidentiality obligations and other matters*

The two parties have agreed to keep the specific terms of cooperation confidential and strictly prohibit the disclosure of relevant information to any third party without the consent of the other party. The two parties have also agreed to keep the technical secrets and commercial information of any of the parties involved in the cooperative research and development process confidential.

The outstanding matters of the agreement shall be in the written supplemental document(s) signed by the parties after friendly negotiation which would form as part of the agreement and have the same legal effect.

The agreement is valid for a period commencing on 17 March 2021 and ending on 17 March 2022.

IV. IMPACT OF RELATED PARTY TRANSACTIONS ON THE COMPANY

On the basis of friendly cooperation, both parties had made full use of Beijing Tianhai's decades of production and management experience in the field of gas storage and transportation equipment manufacturing, and combined with the technical expertise and talent advantages of Jingcheng Zhitong in domestic intelligent factories to form a complementary advantage, benefit sharing, risk sharing and common development cooperative mechanism, and jointly create a high-quality, efficient, low-consumption, clean and flexible intelligent factory solution to build Beijing Tianhai and its subsidiaries into world-leading automated and intelligent production and manufacturing bases for gas storage and transportation equipment.

The performance of the agreement does not have a material impact on the results of operations of the Company for the year 2021. It does not result in a change in the scope of the consolidated statements of the listed company.

The agreement is only an agreement of intent between the parties to the agreement and the outcome remains uncertain.

(V) PROCEDURES TO BE PERFORMED FOR CONSIDERING THE RELATED PARTY TRANSACTIONS

1. On 17 March 2021, the Company convened the third meeting of the tenth session of the board of directors and the eleven meeting of the tenth session of the supervisory committee, the resolution on the entering into of the 2021 Cooperation Framework Agreement and Related Party Transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company and Beijing Jingcheng Zhitong Robot Technology Co., Ltd., was considered and approved, respectively.

All of the eleven eligible directors attended the meeting. Mr. Wang Jun, as a related director, recused from voting, 10 votes are valid for this resolution. Details of the voting are as follows:

Matter for consideration	For	Against	Abstain	Description
Resolution on the entering into of the 2021 Cooperation Framework Agreement and Related Party Transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company and Beijing Jingcheng Zhitong Robot Technology Co., Ltd.	10	0	0	Mr. Wang Jun, a related director, recused from voting, 10 votes are valid for this resolution.

2. The independent non-executive directors of the Company have expressed their prior consent to the resolution on the related party transactions, and the following independent opinions:
 - (1) In considering the resolution on the entering into of the 2021 Cooperation Framework Agreement and Related Party Transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company and Beijing Jingcheng Zhitong Robot Technology Co., Ltd. in the third meeting of the tenth session of the board of directors of the Company, Mr. Wang Jun, a related director, recused from voting. The related party transactions do not prejudice the interests of the Company and its shareholders, in particular the minority shareholders, and are in compliance with corporate information disclosure and decision-making requirements.
 - (2) The related party transactions between the Company and its related parties are in line with the Company's strategic development needs to build intelligent factories, and the related party transactions are in compliance with the requirements of the relevant laws, regulations and the articles of association and follow the principles of fairness, justice and openness. There is no prejudice against the Company and its shareholders, in particular the minority shareholders.

(3) We approve the resolution on the entering into of the 2021 Cooperation Framework Agreement and Related Party Transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company and Beijing Jingcheng Zhitong Robot Technology Co., Ltd.

3. The audit committee of the tenth session of the board of directors of the Company issued the written audit opinion on the entering into of the 2021 Cooperation Framework Agreement and related party transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company and Beijing Jingcheng Zhitong Robot Technology Co., Ltd., details of which are as follows:

We are in view of that, the entering into of the 2021 Cooperation Framework Agreement and related party transactions between Beijing Tianhai and Jingcheng Zhitong were conducted in strict accordance with the relevant legal procedures and in compliance with the requirements of relevant laws and regulations and the articles of association.

The related party transactions follow the principles of fairness, justice and openness and do not prejudice the interests of the Company and other shareholders, in particular the interests of non-related shareholders and minority investors.

The audit committee of the board of directors agreed to submit the above related party transactions to the third meeting of the tenth session of the board of directors of the Company for consideration.

VI. RISK WARNINGS

The transaction is not required to be submitted to the general meeting of the Company for consideration. The agreement is only an agreement of intent between the parties to the agreement and the outcome remains uncertain.

In view of the above risk factors, the Company will perform its information disclosure obligations in a timely manner in accordance with the progress. Investors are reminded to pay attention to the Company's information published on the website of the Shanghai Stock Exchange at <http://www.sse.com.cn>, the Shanghai Securities News and the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> in a timely manner and be aware of the investment risks.

VII. ONLINE ANNOUNCEMENT ATTACHMENTS

1. The prior consent of the independent non-executive directors of the Company on the relevant resolution of the third meeting of the tenth session of the board of directors of the Company;
2. The independent opinions of the independent non-executive directors of the Company on the relevant resolution of the third meeting of the tenth session of the board of directors of the Company;

VIII. DOCUMENTATION

1. The resolutions of the third meeting of the tenth session of the board of directors;
2. The resolutions of the eleven meeting of the tenth session of the supervisory committee;
3. The 2021 Cooperation Framework Agreement.

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

Beijing, the PRC
17 March 2021

As at the date of this announcement, the board of directors 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.