

*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)**

**ANNOUNCEMENT ON THE PROGRESS OF 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).

Reference is made to the announcement of the Company dated 2 June 2020 in relation to the litigation involving Beijing Tianhai Cryogenic Equipment Co., Ltd. (the “**Announcement**”). Unless otherwise specified, capitalized terms used herein have the same meanings as ascribed to them in the Announcement.

**Important Notes:**

- Litigation stage of the case: in the stage of first instance judgment.
- Position of the Company in the litigation: defendant and counterclaiming plaintiff.
- Amount involved in the case: RMB66,035,037.2.
- Whether the litigation will cause negative impact on the profit and loss of the Company: the progress of the litigation as set out in this announcement concerns the result of the first-instance civil judgment. Both parties to the case can file an appeal within the prescribed period. The result of the case remains uncertain, and the impacts of the litigation on the current profits or subsequent profits of the Company cannot be ascertained for the time being.

## **I. BASIC INFORMATION OF THE MATERIAL LITIGATION**

The litigation matter concerns a dispute over the sales and purchase contract on the production and delivery of tank containers. Junzheng Company sued Tianhai Cryogenic to the Shanghai No. 1 Intermediate People's Court, alleging Tianhai Cryogenic, a subsidiary of the Company, had failed to produce and deliver certain tank containers to it as required and requesting to confirm that the outstanding part of the Contracts entered into between Junzheng Company and Tianhai Cryogenic has been terminated, and 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, and that Tianhai Cryogenic shall bear the security expenses, insurance premium and all litigation costs.

## **II. THE PROGRESS OF THE LITIGATION**

### **1. Tianhai Cryogenic filed an objection to jurisdiction**

On 13 June 2020, Tianhai Cryogenic filed an objection to the jurisdiction to the Shanghai No. 1 Intermediate People's Court. On 20 July 2020, the Shanghai No. 1 Intermediate People's Court issued a Civil Judgment [(2020) Hu 01 Min Chu No. 127(1)] [(2020)滬01民初127號之一]), agreeing to Tianhai Cryogenic's request in accordance with the law, and dividing the original case for adjudication. The dispute involving the confirmation of the termination of the outstanding part of the Contracts of SJNPK201706002 and the refund of the price of tank containers of RMB61,152,000 is under the jurisdiction of the Shanghai No. 1 Intermediate People's Court [case no.(2020) Hu 01 Min Chu No. 127]; the dispute involving the confirmation of the termination of the outstanding part of the Contracts of SJNPK20171001-2 and the refund of the price of the tank containers of RMB415,900 [case no.(2020) Hu 0115 Min Chu No. 59393] and the dispute involving the confirmation of the termination of the outstanding part of the Contracts of SJNPK201705003 and the refund of the price of the tank containers of RMB425,000 [case no.(2020) Hu 0115 Min Chu No. 59409] are under the jurisdiction of the People's Court of Pudong Xinqu, Shanghai.

2. In view of Junzheng Company's failure to make timely payment for the goods in accordance with the Contracts in dispute and its failure to collect the goods in a timely manner after delivery by Tianhai Cryogenic, Tianhai Cryogenic filed a counterclaim with the following claims due to the storage and backhaul charges incurred as a result of the occupancy of factory site of Tianhai Cryogenic:

To rule according to the law that Junzheng Company, the counterclaiming defendant, shall pay to Tianhai Cryogenic, the counterclaiming plaintiff, the liquidated damages for overdue payment, the storage fees caused by the untimely collection of goods and the backhaul charges caused by the untimely collection of goods, totaling RMB10,945,712.94, and Junzheng Company, the counterclaiming defendant, shall bear all the litigation costs in this case.

### **3. The first instance judgment of case under the Shanghai No. 1 Intermediate People's Court**

After the case was established in the Shanghai No. 1 Intermediate People's Court, a collegiate panel was formed in accordance with the law, and a public hearing was held on 15 October 2020. Zhai Hongtao and He Jun, Junzheng Company's entrusted litigation agents, and Zheng Ying and Wei Juan, Tianhai Cryogenic's entrusted litigation agents, appeared in court to participate in the litigation. The case has now been concluded.

On 13 May 2021, the Company received a civil judgment from Shanghai No. 1 Intermediate People's Court which handed down a first-instance judgment on the case [Case No. (2020) Hu 01 Min Chu No. 127], and the judgment, in accordance with Paragraph 2 of Article 1 of the "Supreme People's Court Regulations on the Temporal Effect of the Use of the 'Civil Code of the People's Republic of China'" and the provisions of Article 8 and Article 119 of the 1999 "Contract Law of the People's Republic of China", is as follows:

- (1) The defendant Tianhai Cryogenic shall pay the plaintiff Junzheng Company the vehicle leasing fees and travelling expenses of RMB20,000 within ten days from the effective date of the judgment;
- (2) Junzheng Company, the counterclaiming defendant, shall pay Tianhai Cryogenic, the counterclaiming plaintiff, storage fees of RMB1,800,000 within ten days from the effective date of the judgment;
- (3) Dismissed the remaining claims of Junzheng Company, the plaintiff;
- (4) Dismissed the remaining claims of Tianhai Cryogenic, the counterclaiming plaintiff.

The parties are obliged to make monetary payment. Should they fail to perform their payment obligations within the period specified in the judgement, double interests for the debt for the period of deferred performance shall be paid according to Article 253 of the "Civil Procedure Law of the People's Republic of China".

The case acceptance fee was RMB367,742.87 and the preservation fee was RMB5,000, of which RMB371,000 shall be borne by Junzheng Company, the plaintiff, and RMB1,742.87 shall be borne by Tianhai Cryogenic, the defendant; the counterclaim acceptance fee was RMB87,474.28, of which RMB7,474.28 shall be borne by Tianhai Cryogenic, the counterclaiming plaintiff, and RMB80,000 shall be borne by Junzheng Company, the counterclaiming defendant.

If a party does not agree with the judgement, it may submit an appeal to the Shanghai No. 1 Intermediate People's Court within 15 days after the judgment has been served and submit copies according to the number of the opposing parties, and appeal to the Shanghai Higher People's Court.

### **III. THE IMPACT OF THE LITIGATION ON THE CURRENT PROFITS OR SUBSEQUENT PROFITS OF THE COMPANY**

The progress of the litigation as set out in this announcement concerns the result of the first-instance civil judgment. Both parties to the case can file an appeal within the prescribed period. There is still uncertainty regarding the result of the case, and the impacts of the litigation on the current profits or subsequent profits of the Company cannot be ascertained for the time being. The Company will pay close attention to the subsequent progress of the litigation, strictly comply with relevant laws and regulations, and fulfill the obligation of information disclosure in a timely manner. Investors are advised to pay attention to the relevant announcement(s) and be aware of the investment risks.

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

Beijing, the PRC  
14 May 2021

*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.*