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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 THE RECEIPT OF “CIVIL MEDIATION DOCUMENT”
BY BEIJING TAINHAI 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).

References are made to the announcement dated 2 June 2020 in relation to the litigation involving Beijing Tianhai Cryogenic Equipment Co., Ltd., the announcement dated 14 May 2021 in relation to the progress of the concerned litigation, and the announcement dated 29 July 2021 in relation to the receipt of the second instance summons and progress of litigation involving Beijing Tainhai Cryogenic Equipment Co., Ltd. of the Company (the “**Announcements**”). Unless otherwise specified, capitalized terms used herein have the same meanings as ascribed to them in the Announcements.

IMPORTANT NOTICES:

- Litigation stage of the case: a civil mediation had been reached.
- Position of the Company in the litigation: appellee (the defendant of the first instance 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: As at the date of this announcement, Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, holds 75% equity interest in Tianhai Cryogenic. After offsetting various payments, Tianhai Cryogenic shall pay a total of RMB6,859,707.27 to Junzheng Company. The specific accounting treatment and the ultimate impact on the profit of the Company are subject to the results of the annual audit confirmation to be made by the accounting firm. Investors are advised to pay attention to investment risks.

I. BASIC INFORMATION OF THE LITIGATION

Junzheng Company sued Tianhai Cryogenic to the Shanghai No. 1 Intermediate People's Court for a dispute over the sales and purchase contract. For details, please refer to the announcement on "Litigation Involving Beijing Tianhai Cryogenic Equipment Co., Ltd." published on the website of 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>.

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. For details, please refer to the announcement on the "Progress of Litigation Involving Beijing Tianhai Cryogenic Equipment Co., Ltd." published on the website of 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 July 2021, the Company received the "Notice of Respondence to Action" issued by the Shanghai High Court, Junzheng Company does not agree with the first-instance judgment [(2020) Hu 01 Min Chu No. 127] handed down by Shanghai No. 1 Intermediate People's Court and submitted an appeal to Shanghai High Court in accordance with the laws. For details, please refer to the announcement on "the Receipt of the Second Instance Summons and Progress of Litigation Involving Beijing Tianhai Cryogenic Equipment Co., Ltd." published on the website of 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>.

II. PROGRESS OF THE LITIGATION

Recently, the Company received a civil mediation document ((2021) Hu Min Zhong No. 392) (the "**Civil Mediation Document**") from the Shanghai High Court. In the second trial litigation, after mediation by the Shanghai High Court, Junzheng Company and Tianhai Cryogenic reached the following mediation agreement (the "**Mediation Agreement**") on a voluntary basis for the three cases, including the present, (2021) Hu 01 Min Zhong No. 10885 ("**Case No. 10885**") and (2021) Hu 01 Min Zhong No. 10888 ("**Case No. 10888**") from Shanghai No. 1 Intermediate People's Court, and requested the Shanghai High Court to confirm:

(I) Settlement of payments

1. The parties confirmed that Junzheng Company shall pay the remaining contractual amount of RMB2,568,085.6 and the storage fee of RMB1,300,000 to Tianhai Cryogenic.
2. The parties agreed that Tianhai Cryogenic will not have to deliver the 25 tank containers to Junzheng Company. Tianhai Cryogenic shall refund to Junzheng Company the amount equals to the price of 25 tank containers at a unit price of RMB416,000 per unit, making a total of RMB10,400,000 for the 25 tank containers.
3. As Tianhai Cryogenic will no longer deliver the 25 tank containers including the powerful equipment purchased by Junzheng Company and supplied to Tianhai Cryogenic, Tianhai Cryogenic agreed to compensate Junzheng Company for the price of the powerful equipment contained in the 25 tank containers at RMB11,682 per set in accordance with the procurement contract provided by Junzheng Company, totalling RMB292,050.
4. Tianhai Cryogenic agreed to pay Junzheng Company the vehicle leasing fees and travelling expenses in a total amount of RMB20,000.
5. Acceptance fees for the first and second trial of this case
 - (1) The case acceptance fee for the first trial of this case was RMB367,742.87 and the preservation fee was RMB5,000, of which RMB371,000 shall be borne by Junzheng Company and RMB1,742.87 shall be borne by Tianhai Cryogenic; the counterclaim acceptance fee for the first trial was RMB87,474.28, of which RMB7,474.28 shall be borne by Tianhai Cryogenic, and RMB80,000 shall be borne by Junzheng Company. After offsetting, Junzheng Company shall pay RMB78,257.13 to Tianhai Cryogenic.
 - (2) The case acceptance fee for the second trial of this case was RMB376,190.9, which was reduced by half to RMB188,095.45. The parties agreed that RMB94,000 shall be borne by Tianhai Cryogenic and the rest shall be borne by Junzheng Company. As Junzheng Company had already pre-paid the case acceptance fee for the second trial, Tianhai Cryogenic agreed to pay the amount of RMB94,000 directly to Junzheng Company.

After offsetting the aforesaid amount, the total amount payable by Tianhai Cryogenic to Junzheng Company is RMB6,859,707.27.

(II) Withdrawal of the lawsuit Case No. 10885 and Case No. 10888

1. Within 3 days from the effective date of the Mediation Agreement, Junzheng Company applied to the Shanghai No. 1 Intermediate People's Court for the withdrawal of the lawsuit and appeal of Case No. 10885 and Case No. 10888, and provided the original documents of the withdrawal application to Tianhai Cryogenic. In this regard, Tianhai Cryogenic agreed and cooperated with Junzheng Company in the withdrawal of the lawsuit. The parties acknowledged that if Junzheng Company fails to submit the withdrawal application after the deadline or Tianhai Cryogenic fails to cooperate in the relevant cooperation work, either party has the right to request the Shanghai No. 1 Intermediate People's Court to complete the withdrawal procedure with the "Civil Mediation Document".
2. The case acceptance fee for the first trial and the second trial of Case No. 10885 and Case No. 10888 shall be borne by Junzheng Company.

(III) Pick-up of tank containers

1. A total of 124 units were due to be picked up in the three cases. Within 10 days from the effective date of the Mediation Agreement, Tianhai Cryogenic shall complete the cleaning work of the aforesaid tank containers.
2. From the 11th day after the effective date of the Mediation Agreement, Junzheng Company shall complete the pick-up of all 124 units within 15 days. 3 days prior to each pick-up, Junzheng Company shall issue a pick-up plan to Tianhai Cryogenic, specifying the number of tank containers to be picked up, the name of the shipping company, the specific date and time for the pick-up, the information of the person responsible for the pick-up, etc. Tianhai Cryogenic shall cooperate with Junzheng Company during the pick-up.
3. As set out in the "List of License Deliveries" which has been separately signed by both parties, Tianhai Cryogenic shall provide the original copy of CCS certificate and other relevant documents of the 124 tank containers to the person designated by Junzheng Company for pick-up upon the pick-up by Junzheng Company.
4. From 15 February 2017 to 22 June 2017, both parties have signed a total of 6 "Tank Containers Procurement Contracts" (including 1 supplemental agreement), under which Junzheng Company purchased a total of 632 tank containers from Tianhai Cryogenic. In addition to the 149 tank containers involved in the present case, Case No. 10885 and Case No. 10888, Tianhai Cryogenic agreed to provide the original documents of other 483 tank containers in accordance with the requirements of the "List of License Deliveries" to Junzheng Company within 3 days after reissuing and obtaining the original documents. Junzheng Company shall cooperate with Tianhai Cryogenic in carrying out the reissuance of the original documents. For the sake of clarity, the "List of License Deliveries" is made based on amicable negotiations between both parties and the fact that Tianhai Cryogenic cooperated with the reissuance work after Junzheng Company had filed the loss of the license does not mean that Tianhai Cryogenic had breached the original contract concerning that tank containers that had been delivered.

(IV) Payment

1. Within 10 days after the completion of pick-up of all the aforesaid 124 units, Tianhai Cryogenic shall pay RMB6,859,707.27 to Junzheng Company by way of bank acceptance note which is valid for 6 months for the date of issuance and/or telegraphic transfer.
2. Junzheng Company undertook to apply to the Court for the release of all preservation measures against Tianhai Cryogenic on the day following the completion of the payment of RMB6,859,707.27 by Tianhai Cryogenic, including but not limited to the release of seizure of Youanmen Branch of Bank of Beijing (i.e. the seized account number of 01090348500120109113778 in this case).

(V) Others

1. Upon confirmation of both parties, in addition to the invoices issued by Tianhai Cryogenic, Tianhai Cryogenic shall also issue invoices to Junzheng Company in the amount of RMB21,216,000 for a total of 51 tank containers at a unit price of RMB416,000 per tank container including tax. Tianhai Cryogenic shall issue and deliver the invoice to Junzheng Company within 5 working days after the completion of pick-up of the aforesaid 124 tank containers by Junzheng Company.
2. There is no other dispute between both parties in respect of contract SJNPK201706002, contract SJNPK20171001-2 and contract SJNPK201705003, and the aforesaid contracts shall be discharged from the effective date of the Mediation Agreement and the issuance of the “Civil Mediation Document” by the Shanghai High Court.
3. The Mediation Agreement shall come into effect upon signing by both parties on the mediation record.

The Shanghai High Court confirmed that the Mediation Agreement did not violate any legal requirements.

The Mediation Agreement came into effect on 7 December 2021 upon signing of the mediation record by the parties.

III. OTHER UNDISCLOSED LITIGATION AND ARBITRATION MATTERS

As of the date of this announcement, there are no other material litigation or arbitration matters of the Company that should be disclosed but have not been disclosed.

IV. POTENTIAL IMPACT ON THE CURRENT PROFITS OR SUBSEQUENT PROFITS OF THE COMPANY

As of the date of this announcement, Beijing Tianhai Industry Co. Ltd., a subsidiary of the Company, holds 75% equity interest in Tianhai Cryogenic. Upon offsetting various payments, Tianhai Cryogenic shall pay a total of RMB6,859,707.27 to Junzheng Company. The specific accounting treatment and ultimate impact on the profit of the Company are subject to the results of the annual audit confirmation to be made by the accounting firm. Investors are advised to pay attention to the investment risks.

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

Beijing, the PRC
14 December 2021

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, 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.