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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 ANNOUNCEMENT IN RELATION TO THE ENTERING INTO OF THE RELEVANT CONTRACTS AND RELATED PARTY TRANSACTIONS BETWEEN WHOLLY-OWNED SUBSIDIARIES AND RELATED PARTIES

The board of directors and all directors of the Company warrant that this announcement does not contain any false information, misleading statement or material omission and accept legal responsibilities for the truthfulness, accuracy and completeness of the contents herein contained.

IMPORTANT NOTICE:

- Summary of the related party transactions: Beijing Tianhai Industry Co., Ltd. (北京天海工業有限公司) (“**Tianhai Industry**”), a wholly-owned subsidiary of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”), proposed to enter into a Supply Contract with Babcock & Wilcox Beijing Company Ltd. (北京巴布科克·威爾科克斯有限公司) (“**B&WBC**”), a related party; and

Beijing Tianhai Hydrogen Energy Equipment Co., Ltd. (北京天海氫能裝備有限公司) (“**Tianhai Hydrogen**”), a wholly-owned subsidiary of the Company, proposed to purchase production line automation equipment from Beijing Peitian Technology Co., Ltd. (北京配天技術有限公司) (“**Peitian Company**”), a related party.

- Historical related party transactions: Save as the related party transactions disclosed, the amount of related party transactions between the Company and the same related party or related to the category of transactions with different related parties in the past 12 months did not reach 0.5% of the absolute value of the Company's latest audited net assets.

I. Summary of the Related Party Transactions

1. Tianhai Industry, a wholly-owned subsidiary of the Company, won a bid for the supply of storage tanks to a business of B&WBC (“**B&WBC Supply Contract**”) through a tender, with a total contract amount of RMB1,346,530.
2. Tianhai Hydrogen, a wholly-owned subsidiary of the Company, proposed to purchase production line automation equipment from Peitian Company (“**Peitian Procurement Contract**”) for updating and reforming the production line with a total amount of RMB1,996,656.

Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“**Jingcheng Machinery Electric**”) holds approximately 44.87% equity interest of the Company and is the controlling shareholder of the Company. Jingcheng Machinery Electric, being the de facto controller of B&WBC and Peitian Company, holds 100% equity interest and approximately 49.58% equity interest therein, respectively. B&WBC and Peitian Company are legal organisations under the same beneficial owner as the Company, and are both related legal corporations of the Company. Pursuant to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “**SSE Listing Rules**”), the aforesaid two transactions constitute related party transactions under the SSE Listing Rules.

On 16 August 2024, the Company convened the fifth meeting of the eleventh session of the board of directors and the twelfth meeting of the eleventh session of the supervisory committee, at which the “Resolution in relation to the Related Party Transactions between the Subsidiaries of the Company and the Subsidiaries of the Controlling Shareholder of the Company” was considered and approved, respectively. All of the eleven eligible directors attended the meeting. Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong and Ms. Li Chunzhi, as related directors, were abstained from voting, 5 votes are valid for this resolution.

The third meeting of the special meeting of independent directors of the Company of 2024 considered and approved the resolution, and agreed to submit it to the board of directors for consideration.

In accordance with the relevant regulations, the related party transactions did not constitute a major assets restructuring as stipulated under the Administrative Measures for Major Assets Restructuring of Listed Companies (上市公司重大資產重組管理辦法). The related party transactions are not subject to the approval of the relevant authorities.

Pursuant to the relevant requirements of the SSE Listing Rules, if the two related party transactions occur within 12 months, they shall be aggregated in accordance with the accumulative calculation principle.

According to the SSE Listing Rules, in the past 12 months, the amount of related party transactions between the Company and the same related party or related to the category of transactions with different related parties has not reached RMB30 million and has not accounted for 5% of the absolute value of the Company’s latest audited net assets, and therefore is not required to be submitted to the shareholders’ general meeting for consideration and approval.

II. Basic Information on the Related Parties

(I) Relationship

Jingcheng Machinery Electric holds approximately 44.87% equity interest of the Company and is the controlling shareholder of the Company. Jingcheng Machinery Electric, being the de facto controller of B&WBC and Peitian Company, holds 100% equity interest and approximately 49.58% equity interest therein, respectively. B&WBC and Peitian Company are under the same beneficial owner as the Company, and are both related legal corporations of the Company. Pursuant to the relevant provisions of the SSE Listing Rules, the aforesaid two transactions constitute related party transactions.

(II) Basic information on the related parties

1. Company name: *Babcock & Wilcox Beijing Company Ltd*

Registered address: No.36, Shijingshan Road, Shijingshan, Beijing

Legal representative: Gao Xiaocheng

Registered capital: RMB 423,882,173.72

Type of company: limited liability company (sole proprietorship)

Operating period: 24 March 1986 to non-fixed term

Principal business: production of various power station boilers, industrial boilers, power station boilers supporting environmental protection (desulphurisation, denitrification) products; design of various power station boilers, industrial boilers and other boiler-related products as well as the installation, maintenance and commissioning of the above products; sales of self-manufactured products; design of power station boilers supporting environmental protection (desulphurisation, denitrification) products as well as the installation, maintenance and commissioning thereof; import and export of goods, import and export agent, import and export of technology; technology development, technology promotion, technology transfer, technology consulting, technology service; product design; and rental of commercial premises.

As at 31 December 2023, B&WBC has total assets of RMB3,843,597,600 and net assets of RMB618,062,100 (the above financial data has been audited).

2. *Company name: Beijing Peitian Technology Co., Ltd.*

Registered address: Room103, Zone 3, Block 9, No.8 Dongbeiwang West Road, Haidian District, Beijing

Legal representative: Teng Mingzhi

Registered capital: RMB720,978,710.83

Type of company: limited liability company (foreign investment enterprises and domestic joint ventures)

Operating period: 18 November 2010 to 17 November 2060

Principal business: general projects: technical services, technology development, technology consulting, technology exchanges, technology transfer, technology promotion; mechanical equipment sales; research and development (R&D) of intelligent robots; manufacturing of industrial robots; manufacturing of service and consumer robots; manufacturing of special operation robots; sales of service and consumer robots; sales of industrial robots; sales of intelligent robots; industrial robots installation and maintenance; nuclear power equipment sets and engineering technology research and development; semiconductor device special equipment manufacturing; artificial intelligence hardware sales; industrial design services; industrial automatic control system device sales; software development; electronic components and electromechanical components equipment sales; intelligent material handling equipment sales; material handling equipment sales; intelligent vehicle-mounted equipment manufacturing; artificial intelligence basic software development; artificial intelligence application software development; artificial intelligence theory and algorithm software development; artificial intelligence general application system; artificial intelligence industry application system integration service; R&D of motor and its control system; intelligent control system integration; technology import and export; and goods import and export.

As at 31 December 2023, Peitian Company has total assets of RMB424,614,110.03 and net assets of RMB411,969,612.4 (the above financial data has been audited).

III. Basic information on the subjects of the related party transactions

(I) Subject of the transactions

1. The subject of the transaction between Tianhai Industry and B&WBC is storage tanks produced by Tianhai Industry, and the transaction falls within the category of purchase of assets under the SSE Listing Rules.
2. The subject of the transaction between Tianhai Hydrogen and Peitian Company is the production line automation equipment provided by Peitian Company, and the transaction falls within the category of purchase of assets under the SSE Listing Rules.

(II) Ownership

The ownership of the subjects of the transactions is clear, and there are no mortgages, pledges or any other circumstances restricting the transfer of ownership, no litigation, arbitration matters or judicial measures such as seizure or freezing, and there are no other circumstances impeding the transfer of ownership.

IV. General pricing principles and price determination mechanisms for related party transactions

(I) Related party transaction between Tianhai Industry and B&WBC

The above related party transactions were conducted on the basis of the principles of voluntariness, equality, mutual benefit and fairness. The bidding method was adopted to determine the winning price, the transaction terms and prices were fair and equitable, and relevant supply contracts were signed to specify the prices of the related party transactions.

(II) Related party transaction between Tianhai Hydrogen and Peitian Company

The purchase of the production line automation equipment is for the enhancement of automation and informationisation of Tianhai Hydrogen production and optimisation of the layout of the workshop. The purchase of production line automation equipment from Peitian Company can meet the actual needs of Tianhai Hydrogen, and after comparing the automation equipment with the same technology and quality requirements in the market, the terms of the transaction and the pricing of the products of Peitian Company are fair and reasonable.

In summary, the aforesaid two related party transactions are in compliance with the principle of fairness and have been carried out in accordance with the relevant provisions of the approval procedures, and there are no circumstances that will harm the interests of the Company and the shareholders as a whole, and the results of the transactions will not have any impact on the Company's ability to continue as a going concern and the independence of the Company.

V. The Main Content and the Arrangements of the Related Party Transactions

(I) Related party transaction between Tianhai Industry and B&WBC

1. Subject of the Contract:

Purchaser: Babcock & Wilcox Beijing Company Ltd.

Vendor: Beijing Tianhai Industry Co., Ltd.

2. Consideration for the transaction: RMB1,346,530

3. Payment method: telegraphic transfer or banks' acceptance bills

4. *Payment schedule:*

- (1) The purchaser shall pay 30% of the total contract price to the vendor as an advance payment within 30 days from the effective date of the B&WBC Supply Contract;
- (2) After the completion of goods of the vendor, the vendor shall submit the notice of origin inspection to the purchaser in accordance with the requirements of the technical agreement. The vendor shall submit the materials as required, after the acceptance of the goods by the personnel designated by the purchaser. Within 30 days after verification by the purchaser, the purchaser shall pay 60% of the total price of the contract to the vendor as the delivery payment; and
- (3) 10% of the remaining total contract price is used as the quality deposit of the contract equipment. After the expiration of the guarantee period, the purchaser shall pay to the vendor after the purchaser and the vendor have no objection to the settlement of claim.

5. *Effectiveness of the contract:*

The B&WBC Supply Contract shall come into force on the date when it is signed by the legal representative or authorized agent of the purchaser and the vendor and stamped with the special seal of the contract. The B&WBC Supply Contract shall be executed in quintuplicate, the purchaser holds three copies and the vendor holds two copies.

(II) *Related party transaction between Tianhai Hydrogen and Peitian Company*

1. *Subject of the Contract:*

Purchaser: Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.

Vendor: Beijing Peitian Technology Co., Ltd.

2. *Consideration for the transaction: RMB1,996,656*

3. *Payment method: telegraphic transfer*

4. *Payment schedule:*

- (1) The purchaser shall pay 50% of the contract price to the vendor as an advance payment within 20 days from the effective date of the Peitian Procurement Contract;
- (2) After the vendor completes manufacturing of all the equipment, passes the pre-acceptance and issuance of a pre-acceptance report by the purchaser, the purchaser will pay 20% of the total price of the contract to the vendor as the delivery payment;

- (3) After the vendor delivers all the equipment to the purchaser's project site, completes installation and commissioning, and passes the final acceptance and issuance of the final acceptance report by the purchaser, the vendor shall submit a special invoice of the value-added tax (13%) of 100% of the total contract price. Upon issuance of such special invoice, the purchaser shall pay 20% of the contract price to the vendor as the acceptance payment; and
- (4) After one year from the date of final acceptance of the equipment, if the equipment has no quality problems or residual problems, the vendor actively and effectively performs the warranty obligations in accordance with the contract, then the purchaser shall pay 10% of the contract price to the vendor as the quality guarantee fees.

5. *Effectiveness of the contract:*

This Peitian Procurement Contract shall be executed in quadruplicate, the purchaser holds two copies and the vendor holds two copies. It shall come into force on the date of signature and seal of both parties, and remain in full force and effect until both parties have fully fulfilled their obligations under this contract.

VI. Purpose of the Related Party Transaction and the Impact on the Company

The terms and pricing of the two related party transactions above are fair and in line with the principle of fairness, and the approval procedures are complied with in accordance with the relevant regulations. There is no harm to the interests of the Company and the shareholders as a whole, and the results of the transaction will not have an impact on the ability of the Company to continue operations and the independence of the Company.

VII. Procedures to be Performed for Related Party Transactions

1. On 16 August 2024, the Company convened the fifth meeting of the eleventh session of the board of directors and the twelfth meeting of the eleventh session of the supervisory committee, at which the "Resolution in relation to the Related Party Transactions between the Subsidiaries of the Company and the Subsidiaries of the Controlling Shareholder of the Company" was considered and approved, respectively.

All of the eleven eligible directors attended the meeting. Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong and Ms. Li Chunzhi, as related directors, were abstained from voting, 5 votes are valid for this resolution. The voting results are as follows:

Matters for Consideration	For	Against	Abstain	Description
Resolution in relation to the Related Party Transactions between the Subsidiaries of the Company and the Subsidiaries of the Controlling Shareholder of the Company	5	0	0	Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong and Ms. Li Chunzhi, as related directors, were abstained from voting, 5 votes are valid for this resolution.

- Opinion on the third meeting of the special meeting of independent directors of the Company of 2024:

We believe that the aforesaid two connected transactions are in line with the needs of the business development of the Company and are in the interests of the Company and the shareholders as a whole. The consideration of the aforesaid two connected transactions are determined through negotiation between the two parties under the principles of equality, voluntariness, fairness and good faith, and the pricing principles are objective, fair and reasonable, and comply with the provisions of relevant laws, regulations and the articles of association of the Company. There is no harm to the interests of the Company and its shareholders, especially the minority shareholders.

In summary, we agree to submit the “Resolution in relation to the Related Party Transactions between the Subsidiaries of the Company and the Subsidiaries of the Controlling Shareholder of the Company” to the ninth extraordinary meeting of the eleventh session of board of directors of the Company for consideration, and the connected directors shall abstain from voting.

VIII. Implication under the Hong Kong Listing Rules

Pursuant to Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (“**Hong Kong Listing Rules**”), as Jingcheng Machinery Electric is the controlling shareholder (as defined in the Hong Kong Listing Rules) of B&WBC and Peitian Company, both B&WBC and Peitian Company are connected persons of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the B&WBC Supply Contract and the Peitian Procurement Contract constitute connected transactions of the Company under the Hong Kong Listing Rules, respectively.

The products involved in the two transactions are not the same nature and the places where the products are delivered are not the same. Tianhai Industry is the vendor under the B&WBC Supply Contract and Tianhai Hydrogen is the purchaser under the Peitian Procurement Contract, and therefore the Company's accounting treatment of the Company for the two transactions is not the same. Although both B&WBC and Peitian Company are associates (as defined in the Hong Kong Listing Rules) of Jingcheng Machinery Electric, the operations of B&WBC and Peitian Company are not decided by the same connected person. For the aforementioned reasons, the two transactions do not involve splitting of the same project.

As all of the applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the transaction contemplated under the B&WBC Supply Contract are less than 0.1%, it is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1)(a) of the Hong Kong Listing Rules.

In addition, as all of the applicable percentage ratios calculated in accordance with the Hong Kong Listing Rules in respect of the transaction contemplated under the Peitian Procurement Contract are less than 5%, and the aggregate transaction amount is less than HK\$3,000,000, it is fully exempt from the reporting, announcement, circular and independent shareholders' approval requirements under Rule 14A.76(1)(c) of the Hong Kong Listing Rules.

IX. Documents Available for Inspection

1. Resolutions passed at the ninth extraordinary meeting of the eleventh session of board of directors;
2. Resolutions passed at the twelfth meeting of the eleventh session of the supervisory committee;
3. Resolutions passed at the third meeting of the special meeting of independent directors of the Company of 2024; and
4. The Supply Contract between Tianhai Industry and B&WBC, and the Procurement Contract between Tianhai Hydrogen and Peitian Company.

By order of the board of directors
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
16 August 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Jiheng as executive director, Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, Mr. Man Huiyong and Ms. Li Chunzhi as non-executive directors, and Ms. Chen Junping, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive directors.