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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)

MATERIAL ASSETS REORGANISATION

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PROPOSED ACQUISITION OF JINGCHENG INTERNATIONAL FINANCIAL

On 26 November 2015, the Company entered into the conditional Asset Purchase Agreement with Jingcheng Holding, the controlling shareholder of the Company, pursuant to which Jingcheng Holding conditionally agreed to sell, and the Company conditionally agreed to purchase, 75% of the equity interest of Jingcheng International Financial. The estimated consideration in the sum of RMB373,788,620.75 (subject to finalisation) will be satisfied by allotting and issuing 34,418,842 Consideration Shares (subject to finalisation) by the Company, credited as fully paid at an issue price of RMB10.86 per Consideration Share (subject to finalisation), to Jingcheng Holding.

Further, on 26 November 2015, Jingcheng (HK), a wholly-owned subsidiary of the Company, entered into the conditional Equity Interests Transfer Framework Agreement with Jingcheng Europe, an indirect non-wholly owned subsidiary of Jingcheng Holding, pursuant to which Jingcheng Europe conditionally agreed to sell, and Jingcheng (HK) conditionally agreed to purchase, 25% of the equity interest of Jingcheng International Financial. The estimated consideration in the sum of RMB124,596,206.92 (subject to finalisation) will be satisfied by payment in cash.

PROPOSED NON-PUBLIC ISSUE OF A SHARES

On 26 November 2015, the Board resolved to propose a non-public issuance of A Shares, pursuant to which, the Company will issue not more than 50,000,000 A Shares (nominal value of RMB1.00 each) to Jingcheng Holding and not more than nine specific investors (independent third parties of the Company and Jingcheng Holding) and the total funds raised are expected to be not more than RMB200,000,000. The number of A Shares to be issued under the Non-public Issuance will be determined by reference to bidding results.

The issue price shall be determined based on the prices quoted by the specific investors (except Jingcheng Holding), which is not less than 90% of the average trading price of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date (formula: the average trading price of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date = the total turnover of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date/the total trading volume of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date).

The Non-public Issuance has been considered and approved by the Board on 26 November 2015, but is still subject to the approval at the Shareholder's meetings, A Shares Class Meeting and H Shares Class Meeting of the Company, approval of Beijing SASAC, and approval of the CSRC and other securities regulatory authorities (if applicable).

PROPOSED SUBSCRIPTION OF A SHARES BY THE CONTROLLING SHAREHOLDER

As part of the Non-public Issuance, the Company and Jingcheng Holding, the controlling shareholder of the Company, entered into the Subscription Agreement on 26 November 2015, pursuant to which Jingcheng Holding agreed to subscribe in cash for a number of A Shares with a total subscription price of RMB30,000,000 issued by the Company under the Non-public Issuance at price identical to that offered to other target subscribers under the Non-public Issuance.

IMPLICATIONS UNDER THE LISTING RULES

On the basis that the transactions under the Proposed Acquisition involve disposal of their respective holding of equity interests in Jingcheng International Financial by Jingcheng Holding and its indirect non-wholly owned subsidiary, Jingcheng Europe, to the Group, the transactions under the Asset Purchase Agreement and Equity Interests Transfer Framework Agreement are aggregated pursuant to Rule 14.23 of the Listing Rules. As one or more of the applicable percentage ratios of the Proposed Acquisition exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition transaction for the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, Jingcheng Holding holds 180,620,000 A Shares, representing approximately 42.80% of all Shares in issue. Jingcheng Holding is a controlling shareholder of the Company and thus a connected person of the Company. Jingcheng Europe is an indirect non-wholly owned subsidiary of Jingcheng Holding, and thus is also a connected person of the Company. Accordingly, the Proposed Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The issuance of A Shares to Jingcheng Holding under the Subscription Agreement constitutes a connected transaction of the Company under the Listing Rules. On the basis of the maximum amount of funds proposed to be raised amounting to RMB30,000,000, applicable ratios of the proposed subscription of A Shares by Jingcheng Holding under the Subscription Agreement are more than 0.1% but less than 5%, the transaction is subject to reporting, announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS

As the Material Assets Reorganisation will result in the increase in shareholding of Jingcheng Holding in the Company from approximately 42.80% to approximately 47.11% (subject to finalisation) immediately after the Material Assets Reorganisation as enlarged by the issue of Consideration Shares without the Non-public Issuance and to approximately 43.94% (subject to finalisation) immediately after the Material Assets Reorganisation as enlarged by the issue of Consideration Shares and issue of new Shares under the Non-public Issuance. Accordingly, the Proposed Acquisition and/or the transactions contemplated under the Subscription Agreement (if applicable) will give rise to an obligation on the part of Jingcheng Holding to make a mandatory offer for all the Shares other than those already owned or agreed to be acquired by them under Rule 26 of the Takeovers Code. Jingcheng Holding will apply for a waiver from such obligation pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of Independent Shareholders by way of poll.

Jingcheng Holding and parties acting in concert with it and Shareholders who are involved in or interested in the Material Assets Reorganisation and/or Whitewash Waiver will abstain from voting on the resolution to approve Material Assets Reorganisation and the Whitewash Waiver.

GENERAL

The Proposed Acquisition is the precondition for the Non-public Issuance, but the Non-public Issuance is not a condition of the Proposed Acquisition.

Further announcement(s) will be made by the Company upon the Final Proposal having been approved by the government and regulatory authorities in the PRC and by the Board, and as and when appropriate in accordance with the Listing Rules and/or the Takeovers Codes as applicable.

After the approval of the Final Proposal by the Board, a circular containing, among other things, (i) further information on the Material Assets Reorganisation; (ii) the particulars required by the Listing Rules and/or the Takeovers Codes concerning the Material Assets Reorganisation; (iii) the Whitewash Waiver; (iv) the recommendation of the Listing Rules IBC and Takeovers Code IBC; (v) advice of the Independent Financial Adviser regarding the Material Assets Reorganisation and the Whitewash Waiver; and (vi) notice to convene the general meeting, the respective class meetings for A Shares and H Shares, will be dispatched to the Shareholders in accordance with the applicable Listing Rules and Takeovers Code. As additional time is required for the preparation of the financial and other information in relation to the Material Assets Reorganisation, the Company will apply to the Executive for a waiver from compliance with Rule 8.2 of the Takeovers Code. The Company will convene a Board meeting and announce the date of the general meeting in due course. The Material Assets Reorganisation requires approvals from various relevant government authorities in the PRC, in case the circular cannot be dispatched within 21 days from the date of this announcement as envisaged, further announcement(s) will be made by the Company as appropriate.

The Listing Rules IBC (comprising all the independent non-executive Directors) and the Takeovers Code IBC will be formed in accordance with the Listing Rules and the Takeovers Code respectively, to advise the Independent Shareholders on the terms of the Material Assets Reorganisation and Whitewash Waiver, as appropriate.

The Independent Financial Adviser will be appointed to advise the Listing Rules IBC and the Takeovers Code IBC and the Independent Shareholders in relation to the Material Assets Reorganisation and Whitewash Waiver. Further announcement will be made by the Company upon the appointment by the Independent Financial Adviser.

Shareholders and potential investors in the Company are urged to exercise caution when dealing in the securities of the Company. In particular, Shareholders and potential investors in the Company are reminded that there is no assurance that the Material Assets Reorganisation or any other transactions mentioned in this announcement will materialise or eventually be consummated, and that the Material Assets Reorganisation will be subject to various conditions and the terms under the Agreements and are subject to change. In particular, the Material Assets Reorganisation may be conditional upon, among other things, any necessary regulators' consents, approvals and/or waivers. Persons who are in doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor or other professional advisors.

RESUMPTION OF TRADING OF H SHARES

Trading in H Shares on the Stock Exchange has been suspended since 9:00 a.m. on 29 June 2015 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in H Shares from 9:00 a.m. on 14 December 2015.

(1) POSSIBLE VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS INVOLVING – PROPOSED ACQUISITION OF JINGCHENG INTERNATIONAL FINANCIAL

Asset Purchase Agreement

Date

26 November 2015

Parties

Vendor: Jingcheng Holding

Purchaser: the Company

Assets to be acquired

Pursuant to the Asset Purchase Agreement, Jingcheng Holding conditionally agreed to sell, and the Company conditionally agreed to purchase, 75% of the equity interest of Jingcheng International Financial.

The consideration

The estimated consideration in the sum of RMB373,788,620.75 (subject to finalisation) will be satisfied by allotting and issuing 34,418,842 Consideration Shares (subject to finalisation) by the Company, credited as fully paid at an issue price of RMB10.86 per Consideration Share (subject to finalisation), to Jingcheng Holding.

The 34,418,842 Consideration Shares to be issued represent approximately 8.16% of the existing issued Shares and approximately 7.54% of the enlarged issued Shares upon the completion of the Proposed Acquisition.

Basis of consideration

The consideration of the Proposed Acquisition has been preliminarily set as RMB481,718,161 after friendly negotiation between the parties, taking into consideration factors such as the assets and share capital of Jingcheng International Financial and the business of Jingcheng International Financial.

The issue price of the Consideration Share shall not be less than 90% of the average trading price of the Company quoted on the Shanghai Stock Exchange over 120 trading days preceding the Price Determination Date (formula: average trading price of the A Shares over the 120 trading dates preceding the Price Determination Date = the total turnover of the A Shares over the 120 trading days preceding the Price Determination Date/the total trading volume of the A Shares over the 120

trading days preceding the Price Determination Date), meaning the issue price of the Proposed Acquisition is RMB10.86 per Consideration Share (subject to finalisation).

The final issue price is subject to the approval at the Shareholders' meeting, A Shares Class Meeting and H Shares Class Meeting. In case of any distribution of dividends, rights issue or bonus issue of the Company during the period from the Price Determination Date up to the date of issue of the Consideration Shares, the issue price of the Consideration Shares will be adjusted according to the formula below:

(1) For any distribution of bonus shares or conversion of capital reserve to share capital $P1 = P0/(1+n)$

(2) For issuance of new shares or allotment of shares $P1=(P0+A \times k)/(1+k)$

In the event of (1) and (2) carried out at the same time $P1= (P0+A \times k)/(1+n+k)$

(3) For any distribution of dividend $P1 = P0-D$

In the event of (1), (2) and (3) carried out at the same time $P1 = (P0-D+A \times k)/(1+n+k)$

Where:

P0 represents pre-adjustment issue price

n represents the number of bonus shares per existing share or shares converted from the capital reserve

k represents the number of new shares or placing shares per existing share

A represents the price per new share for the issuance of new shares or rights issue

D represents dividend per share

P1 represents the post-adjustment issue price

The above requirements and mechanisms of the adjustment are to comply with the Implementation Details of Non-Public Issuance of Shares of Non-Public Companies and the Listing Rules of Shanghai Stock Exchange, as well as the requirements of PRC regulatory authorities.

In accordance to the above calculation method, the total Consideration Shares to be issued by the Company will be 34,418,842 Shares, the final number of Consideration Shares to be issued is subject to the approval by CSRC.

The number of total Consideration Shares to be issued by the Company shall be adjusted accordingly if any ex-rights or ex-dividends events such as dividend distribution, issue of bonus shares or conversion of capital reserve into share capital occur during the period from Price Determination Date to the date of the issuance of Consideration Shares.

Warning: The maximum number of Shares to apply for the Whitewash Waiver is 41,918,842, which is calculated by 34,418,842 Consideration Shares (subject to finalisation) to be allotted and issued by the Company to Jingcheng Holding under the Proposed Acquisition adding the maximum number of A Shares which Jingcheng Holding will subscribe under the Subscription Agreement (i.e. 7,500,000 A Shares out of the maximum 50,000,000 A Shares to be issued under the Non-public Issuance) (subject to finalisation), which is subject to adjustment and the final number of Shares to be whitewashed is ascertained after approval by CSRC and after the issue price under the Non-public Issuance is determined according to the bidding results.

Conditions of the Asset Purchase Agreement

The Asset Purchase Agreement will become effective upon the fulfillment of the following conditions:

- (1) the approval of the Proposed 75% Acquisition by the Board, the Shareholders' meeting, A Shares Class Meeting and H Shares Class Meeting of the Company by way of poll;
- (2) the filing of the valuation report of Jingcheng International Financial and the approval of the Proposed 75% Acquisition by Beijing SASAC;
- (3) the approval of the Proposed 75% Acquisition by CSRC;
- (4) the approvals by Beijing Municipal Commission of Commerce;
- (5) the Company having obtained all necessary consents, approvals and authorisations from the relevant governmental authorities and/or regulatory authorities;
- (6) the Executive granting the Whitewash Waiver; and
- (7) the approval of the Proposed 75% Acquisition and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll.

Neither Jingcheng Holding nor the Company has the right to waive any of the above conditions. As at the date of this announcement, among the above conditions precedent, only the condition of obtaining the approval of the Proposed 75% Acquisition by the Board is fulfilled, and other conditions have not yet been fulfilled.

Lock-up period

The Consideration Shares issued to Jingcheng Holding shall not be transferred within 36 months upon the date of which the Consideration Shares being listed on the Shanghai Stock Exchange. If within 6 months of completion of the Material Assets Reorganisation, the closing price of the A Shares is lower than the issue price for 20 consecutive trading days, or lower than the closing price of the A Shares at the end of the 6-month period after the completion of the Material Assets Reorganisation, the lock-up period for the Consideration Shares issued to Jingcheng Holding will be automatically extended by 6 months.

Validity period of the resolution

The resolution regarding the Proposed Acquisition shall be valid for 12 months from the date of the consideration and approval of such resolution at the Shareholder's meetings of the Company. The Company has to complete the Proposed Acquisition within such 12-month validity period.

Place of Listing

The Shanghai Stock Exchange

Equity Interests Transfer Framework Agreement

Date

26 November 2015

Parties

Vendor: Jingcheng Europe

Purchaser: Jingcheng (HK)

Assets to be acquired

Pursuant to the Equity Interests Transfer Framework Agreement, Jingcheng Europe conditionally agreed to sell, and Jingcheng (HK) conditionally agreed to purchase, 25% of the equity interest of Jingcheng International Financial.

The consideration

The estimated consideration in the sum of RMB124,596,206.92 (subject to finalisation) will be satisfied by payment in cash. The Company will pay the consideration for the Proposed 25% Acquisition from the proceeds raised in the Non-public Issuance.

Basis of consideration

The consideration of the Proposed Acquisition has been preliminarily set as RMB481,718,161 after friendly negotiation between the parties, taking into consideration factors such as the assets and share capital of Jingcheng International Financial and the business of Jingcheng International Financial.

Conditions of the Equity Interests Transfer Framework Agreement

The Equity Interests Transfer Framework Agreement will become effective upon the fulfillment of the following conditions:

- (1) the approval of the Proposed 25% Acquisition by the internal competent authorities of Jingcheng Europe;
- (2) written declaration by Jingcheng Holding to waive its preemptive right in acquiring the 25% equity interest in Jingcheng International Financial;
- (3) the approval of the Proposed 25% Acquisition by the Board, Shareholders' meeting, A Shares Class Meeting and H Shares Class Meeting of the Company by way of poll;
- (4) the filing of the valuation results which contained in the valuation report of the 25% equity interest in Jingcheng International Financial by the competent authority;
- (5) the approvals by Beijing Municipal Commission of Commerce;
- (6) the Executive granting the Whitewash Waiver;
- (7) the approval by other competent departments or authorities (if required); and
- (8) the approval of the Proposed 25% Acquisition and the Whitewash Waiver by the Independent Shareholders at the EGM by way of poll.

Neither Jingcheng Europe nor Jingcheng (HK) has the right to waive any of the above conditions. As at the date of this announcement, among the above conditions precedent, only the condition of obtaining the approval of the Proposed 25% Acquisition by the Board of the Company is fulfilled, and other conditions have not yet been fulfilled.

The condition of the completion of the Equity Interests Transfer Framework Agreement is to complete the Asset Purchase Agreement first but not vice versa.

The unaudited net profits before and after taxation of Jingcheng International Financial for the year ended 31 December 2012 were RMB50,337,163.79 and RMB37,569,857.55 respectively. The unaudited net profits before and after taxation of Jingcheng International Financial for the year ended 31 December 2013 were RMB63,929,752.31 and RMB37,671,309.36 respectively, and the unaudited net profits before and after taxation of Jingcheng International Financial for the year ended 31 December 2014 were RMB40,326,670.11 and RMB25,745,002.58 respectively.

Based on the unaudited financial statements of Jingcheng International Financial for the ten months ended 31 October 2015, the unaudited net assets value of Jingcheng International Financial is RMB481,106,911.37 as of 31 October 2015.

Pursuant to Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose the above financial information relating to Jingcheng International Financial in this announcement. Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information relating to the Jingcheng International Financial constitutes a profit estimate and should be reported on by the Company's financial adviser and its accountants or auditors (the "Reports") under Rule 10.4 of the Takeovers Code. However, due to the practical difficulties to include the Reports in this announcement in terms of the additional time required for the preparation of the Reports by the Company's financial advisers and its accountants or auditors, those financial information relating to the Jingcheng International Financial does not meet the standard required by Rule 10 of the Takeovers Code. A full set of the Reports, which will be in full compliance with the requirements of the Takeovers Code, will be included in the next document to be issued by the Company to the Shareholders. Shareholders should note that there may be differences between the financial information relating to the Jingcheng International Financial as presented in this announcement and the financial information to be presented in the next document to be issued by the Company to the Shareholders. Shareholders and potential investors should exercise caution in placing reliance on the above financial information relating to Jingcheng International Financial in assessing the merits and demerits of the Proposed Acquisition.

The initial set up cost of 75% equity interest in Jingcheng International Financial to Jingcheng Holding was approximately RMB157,500,000, representing the initial amounts invested by Jingcheng Holding in Jingcheng International Financial.

The initial set up cost of 25% equity interest in Jingcheng International Financial to Jingcheng Europe was approximately RMB52,500,000, representing the initial amounts invested by Jingcheng Europe in Jingcheng International Financial.

Reasons for and benefits of the Proposed Acquisition

The Group has been actively seeking alternative investment opportunities and diversifying its business in order to improve the Group's overall strength, performance and operation and to enhance Shareholders' returns. In view of the continuing growth of the financial leasing business in the PRC, the Directors believe the Proposed Acquisition is viable and beneficial to the Company and the Shareholders as a whole. Through the Proposed Acquisition, the finance leasing business of Jingcheng International Financial which mainly serves the equipment manufacturing industry will be injected into the Group and the line of businesses of the Group will be expanded.

Jingcheng International Financial is a sino-foreign joint venture leasing company which owns a good platform for cross-border cash flow and in accordance with foreign currency policy requirement in the PRC, foreign capital can be applied by Jingcheng International Financial and approved by the State-Administration of Foreign Exchange in order to enable the cash outside the PRC to flow in.

Jingcheng International Financial's principal place of business is in Beijing and its target customers include but not limited to the downstream customers of the subordinate enterprises of Jingcheng Holding and the lessees who have financing needs and sufficient financial capabilities. The types of equipment of finance lease provided by Jingcheng International Financial cover various industries such as construction machinery, CNC machine tools, printing machinery and gas storage and transportation, of which the leased equipment involved in gas storage and transportation is mainly the product of Beijing Tianhai Industrial Company Limited, which is a subsidiary of the Company.

In view of the continuing growth of the financial leasing business in the PRC, the Directors believe the Proposed Acquisition is viable and beneficial to the Company and the Shareholders as a whole. The Directors (excluding the members of the Listing IBC and Takeovers Code IBC who will express their views after receiving advice from the Independent Financial Adviser) also consider that the terms of the Asset Purchase Agreement and the Equity Interests Transfer Framework Agreement are in the interests of the Shareholders as a whole and the transactions contemplated thereunder are in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable.

Upon completion of the Proposed Acquisition, Jingcheng International Financial will become an indirect wholly-owned subsidiary of the Company and the financial results of Jingcheng International Financial will be consolidated into the Group.

(2) PROPOSED NON-PUBLIC ISSUE OF A SHARES

Proposal

On 26 November 2015, the Board resolved to propose a non-public issuance of A Shares, details of which are set out below:

(1) Class and nominal value of the Shares to be issued

The Shares to be issued under the Non-public Issuance are RMB denominated ordinary Shares with a nominal value of RMB1.00 per Share, which will be listed domestically on the Shanghai Stock Exchange (A Shares).

(2) Method of issuance

This issuance will be offered to Jingcheng Holding and not more than nine specific investors (independent third parties of the Company and Jingcheng Holding) by way of non-public issuance, and all the target subscribers will make the subscription in cash. The issuance will be made at an appropriate time to be determined by the Company upon obtaining the approval and authorisation from the securities regulatory authorities such as the CSRC.

(3) Target subscribers and method of subscription

The target subscribers of the Non-public Issuance are Jingcheng Holding and not more than nine specific investors (independent third parties of the Company and Jingcheng Holding).

Target subscribers other than Jingcheng Holding include securities investment fund management companies (those that manage more than two funds for subscriptions are regarded as one target subscriber), securities firms, trust investment companies (may only subscribe with their own capital), finance companies, insurance institutional investors, qualified institutional investors, and other corporate bodies, natural persons and legitimate investors in compliance with the provisions of the CSRC.

Within the above scope, the Company will confirm the specific target subscribers by way of bidding and the number of shares that each subscriber will subscribe upon obtaining the approval regarding this issuance from CSRC and other securities regulatory departments pursuant to the requirements under the Implementation Rules for the Non-public Issue of Shares by Listed Companies (《上市公司非公開發行股票實施細則》).

As at the date of this announcement, apart from the Subscription Agreement, the Company has not entered into any agreement with any potential investors in respect of the Non-Public Issuance. The Company currently expects that, with the exception of Jingcheng Holding, the new A Shares to be issued under the Non-public Issuance will only be placed to investors who are (and their respective ultimate beneficial owners are also) third parties independent of the Company and not connected persons of the Company, and none of them will become substantial shareholders of the Company upon completion of their respective subscriptions of new A Shares under the Non-public Issuance. The Company will comply with the relevant requirements of the Listing Rules should there be any changes or if otherwise necessary.

(4) Date of benchmark pricing, issue price and method of pricing

The Issue Price Benchmark Date of the Non-public Issuance shall be the date of the announcement in relation to resolutions passed at the general meeting of the Company, in relation to the Material Assets Reorganisation are considered and approved.

The issue price of the Non-public Issuance shall be not less than 90% of the average trading price of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date (formula: the average trading price of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date = the total turnover of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date/the total trading volume of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date).

The final issue price shall be determined by negotiation between the Board or the authorised persons and the sponsor (lead underwriter) based on the bidding results upon obtaining the approval regarding this issuance from CSRC and other securities regulatory departments pursuant to the requirements under the Implementation Rules for the Non-public Issue of Shares by Listed Companies (《上市公司非公開發行股票實施細則》). Jingcheng Holding will not participate in the pricing exercise for the Non-public Issuance, but has undertaken to accept the results of the price quotations by other target subscribers and will subscribe at the same price as the other target subscribers.

The base issue price shall be adjusted accordingly if any ex-rights or ex-dividends events such as dividend distribution, issue of bonus shares or conversion of capital reserve into share capital occur during the period from the Issue Price Benchmark Date to the date of the issuance.

On 26 June 2015 (i.e. the last trading day before the suspension of trading in the Shares), the closing prices of A Shares and H shares were RMB13.29 and HK\$5.40 per Share respectively.

(5) Number of A Shares to be issued

The number of A Shares to be issued under the Non-public Issuance shall not exceed 50,000,000 A Shares. It is expected that the total fund raise in the Non-public Issuance shall not exceed the lower of (i) RMB200,000,000 and (ii) the total consideration of RMB498,384,827.67 of the Proposed Acquisition. The final total number of A Shares to be issued shall be determined by bidding results. The number of A Shares to be issued will be adjusted accordingly if any ex-rights or ex-dividends events such as dividend distribution, issue of bonus shares or conversion of capital reserve into share capital occur during the period from the Issue Price Benchmark Date to the date of issuance. The final number of A Shares to be issued under the Non-public Issuance shall be determined by negotiation between the Board or the authorised person pursuant to the Shareholders' meetings of the Company, and the sponsor (lead underwriter) of the Non-public Issuance according to the actual subscription situation of the subscribers after obtaining the approval in respect of the Non-public Issuance from CSRC and other securities regulatory authorities.

(6) Conditions precedent

The Non-public Issuance has been considered and approved by the Board on 26 November 2015, but is still subject to the approval at the Shareholders' meetings, A Shares Class Meeting and H Shares Class Meeting of the Company, approval of Beijing SASAC, and approval of the CSRC and other securities regulatory authorities (if applicable).

The Proposed Acquisition is the precondition for the Non-public Issuance, but the Non-public Issuance is not a condition of the Proposed Acquisition.

(7) Lock-up period

The Shares to be subscribed by the Jingcheng Holding shall not be transferred within 36 months from the date of completion of the Non-public Issuance; the Shares to be subscribed by other specific investors shall not be transferred within 12 months from the date of completion of the Non-public Issuance.

(8) Total funds to be raised and use

The total funds to be raised from the Non-public Issuance shall not exceed the lower of (i) RMB200,000,000 and (ii) the total consideration of RMB498,384,827.67 for the Proposal Acquisition. The net proceeds from the Non-public Issuance after deducting fees and expenses

are proposed to be used for payment of cash consideration under the Equity Interests Transfer Framework Agreement, payment of professional fees and the remaining proceeds will be used for capital increase of Jingcheng International Financial.

(9) Place of listing

The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the new A Shares to be issued pursuant to the Non-public Issuance. Dealing in the A Shares to be issued under the Non-public Issuance on the Shanghai Stock Exchange will commence upon expiration of the lock-up period.

(10) Validity period of the resolution

The resolution regarding the Non-public Issuance shall be valid for 12 months from the date of the consideration and approval of such resolution at the Shareholders' meetings of the Company.

(11) Special mandate of the issuance of A shares

The Company will issue the A shares under the special mandate which is intended to be granted to the Board at the extraordinary general meeting and class meeting.

Rights of the new A Shares

The new A Shares to be issued pursuant to the Non-public Issuance, when fully paid and issued, will rank *pari passu* in all respects amongst themselves and with the A Shares in issue at the time of the issue and allotment of such new A Shares.

Equity fund raising activities

The Company has not conducted any equity fund raising activities during the 12 months preceding the date of this announcement.

(3) POSSIBLE CONNECTED TRANSACTION – PROPOSED SUBSCRIPTION OF A SHARES BY THE CONTROLLING SHAREHOLDER

As part of the Non-public Issuance, the Company, as issuer, and Jingcheng Holding, the controlling shareholder of the Company, as subscriber, entered into the Subscription Agreement on 26 November 2015, the summary of which is as follows:

(1) Number of new A Shares to be subscribed

Jingcheng Holding agreed to subscribe in cash for a number of A Shares equivalent to RMB30,000,000, being the amount of funds proposed to be raised at price identical to that offered to other target subscribers under the Non-public Issuance.

The final number of Shares to be subscribed shall be confirmed by a supplemental agreement entered into by both parties upon the confirmation of the issue price. If the Company has cash dividends distribution, bonus issue, capitalisation of capital reserve, placement and other ex-dividend or ex-rights activities in respect of the A Shares during the period from the Issue Price Benchmark Date to the date of issuance, the distribution of the number of Shares to be issued under the Non-public Issuance and to be subscribed by the Jingcheng Holding shall be adjusted accordingly.

(2) Subscription price and pricing principles

Both parties agreed that the pricing principles and subscription price under the Non-public Issuance are based on the Administrative Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》) and the Implementation Rules Concerning the Non-public Issue of Shares by Listed Companies (《上市公司非公開發行股票實施細則》) as pricing basis of the Non-public Issuance.

The issue price under this issuance shall not be less than 90% of the average trading price of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date (formula: the average trading price of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date = the total turnover of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date/the total trading volume of the A Shares over the 20 trading days preceding the Issue Price Benchmark Date). If the Company has cash dividends distribution, bonus issue, capitalisation of capital reserve, placement and other ex-dividend or ex-rights activities during the period from the Issue Price Benchmark Date to the date of issuance of the A Shares, the base issue price of the issuance shall be adjusted accordingly.

Jingcheng Holding will not participate in the market bidding process of the Non-public Issuance but will accept the market bidding results and subscribe the Shares to be issued at a price identical to that offered to other specific investors.

(3) Lock-up period

Jingcheng Holding shall not transfer the Shares issued by the Company and subscribed by it under the Non-public Issuance within 36 months from the date of the completion of the Non-public Issuance. The Shares subscribed by other specific investors shall not be transferred within 12 months from the date of the completion of the Non-public Issuance.

(4) Conditions precedent

The Subscription Agreement shall become effective upon the satisfaction of all of the following conditions:

- (i) the consideration and approval of the Non-public Issuance by the Board;

- (ii) the consideration and approval of the Non-public Issuance by the Shareholders' meetings, A Shares Class Meeting and H Shares Class Meeting of the Company by way of poll;
- (iii) the approval by Beijing SASAC of the Non-public Issuance;
- (iv) the approval by CSRC of the Non-public Issuance;
- (v) the Company having obtained all necessary consents, approvals and authorisations from the relevant governmental authorities and/or regulatory authorities; and
- (vi) the Executive granting the Whitewash Waiver (if applicable).

Neither Jingcheng Holding nor the Company has the right to waive any of the above conditions. As at the date of this announcement, among the above conditions precedent, the only condition of obtaining the approval of the Non-public Issuance by the Board is fulfilled, and other conditions have not yet been fulfilled.

Reasons for and benefits of the Non-public Issuance and the Subscription Agreement

The funds raised from the Non-public Issuance will be used by Jingcheng (HK) for paying the cash consideration of acquisition of 25% equity interest of Jingcheng International Financial from Jingcheng Europe, payment for the expenses for the transactions contemplated in the Material Assets Reorganisation, and capital increase of the Jingcheng International Financial after it is acquired by the Group. As the pace of the development and expansion of the principal business are expected to increase after the Material Assets Reorganisation, the capital needs of the Company will also be increased. Through the Non-public Issuance, the Company will significantly optimise its capital structure, enhance the financial stability, and significantly improve the capital strength and overall competitiveness which helps to further strengthen the Company's ability to seize business opportunities and brace for market risks, continually improve its sustainability of development, and maximise the Shareholders' interest.

The implementation of the Non-public Issuance, which Jingcheng Holding agreed to subscribe in cash for a number of A Shares equivalent to RMB30,000,000, being the amount of funds proposed to be raised, reflects its support for and confidence in the Company, which will benefit the development of the Company.

The Directors (excluding the members of Listing IBC and Takeovers Code IBC who will express their views after receiving advice from the Independent Financial Adviser) are of the view that the terms of the Non-public Issuance, the Subscription Agreement and the transactions thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Effects on the shareholding structure of the Company

Set out below is the information on the Company's shareholding structure (i) as at the date of this announcement; (ii) immediately after the completion of the Proposed Acquisition; and (iii) immediately after the completion of the Material Assets Reorganisation, strictly for reference only:

Name of shareholders	Immediately after the completion of the Proposed Acquisition (excluding the Shares to be issued under the Non-public Issuance)									Immediately after the completion of the Material Assets Reorganisation		
	As at the date of this announcement			under the Non-public Issuance)			Assets Reorganisation					
	Approximate percentage of the total issued A Share		Approximate percentage of the total issued share capital of the Company	Approximate percentage of the total issued A Share		Approximate percentage of the total issued share capital of the Company	Approximate percentage of the total issued A Share		Approximate percentage of the total issued share capital of the Company			
	Number of Shares held	capital of the Company		Number of Shares held	capital of the Company		Number of shares held	capital of the Company				
	Number of Shares held	capital of the Company	share capital of the Company	Number of Shares held	capital of the Company	share capital of the Company	Number of shares held	capital of the Company	share capital of the Company			
	Number of Shares held	capital of the Company	share capital of the Company	Number of Shares held	capital of the Company	share capital of the Company	Number of shares held	capital of the Company	share capital of the Company			
Beijing Jingcheng Machinery Electric Holding Co., Ltd.	180,620,000	56.09%	42.80%	215,038,842	60.33%	47.11%	222,538,842	54.76%	43.94%			
Other public holders of A Shares	141,380,000	43.91%	33.50%	(Note 1)	(Note 1)	(Note 1)	(Notes 1 & 2)	(Notes 1 & 2)	(Notes 1 & 2)			
Other public holders of H Shares	100,000,000	–	23.70%	141,380,000	39.67%	30.98%	183,880,000	45.24%	36.31%			
				(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)			
	100,000,000	–	23.70%	100,000,000	–	21.91%	100,000,000	–	19.75%			
Total	422,000,000	100.00%	100.00%	456,418,842	100.00%	100.00%	506,418,842	100%	100%			
				(Note 1)			(Notes 1 & 2)					

Note 1: The specific number of A Shares to be issued to Jingcheng Holding under the Asset Purchase Agreement shall be determined based on the final consideration on Jingcheng International Financial. The final consideration may be adjusted upward or downward and the number of Consideration Shares to be issued to the Jingcheng Holding may be adjusted. The number of Shares and % in shareholding set out in the above table are for illustration purpose only.

Note 2: The specific number of A Shares to be allotted and issued to target subscribers may be subject to adjustment due to reasons as stated in Note 1 and in any event not more than 50,000,000 A Shares (subject to finalisation) will be issued under the Non-public Issuance. The number of Shares and % in shareholding set out in the above table are for illustration purpose only. The % in shareholding figures set out in the above table are calculated based on the maximum 50,000,000 A Shares to be issued under the Non-public Issuance. Therefore, there is a possibility that the transactions contemplated under the Subscription Agreement may have Takeovers Code implication.

Note 3: The shareholdings in the above table are for illustration purpose only. The number of Shares is subject to rounding and finalisation after approval of the Final Proposal.

(4) IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, Jingcheng Holding holds 180,620,000 A Shares, representing approximately 42.80% of all Shares in issue. As the Material Assets Reorganisation will result in the increase in shareholding of Jingcheng Holding in the Company from approximately 42.80% to approximately 47.11% (subject to finalisation) immediately after the Material Assets Reorganisation as enlarged by the issue of Consideration Shares without the Non-public Issuance and to approximately 43.94% (subject to finalisation) immediately after the Material Assets Reorganisation as enlarged by the issue of Consideration Shares and issue of new Shares under the Non-public Issuance. Accordingly, the Proposed Acquisition and/or the transactions contemplated under the Subscription Agreement (if applicable) will give rise to an obligation on the part of Jingcheng Holding to make a mandatory offer for all the Shares other than those already owned or agreed to be acquired by them under Rule 26 of the Takeovers Code.

Paragraph 3 of Schedule VI of the Takeovers Code provides that the Executive will not normally waive an obligation under Rule 26 if there occurs any disqualifying transaction for such a waiver. Disqualifying transactions include, among others, a situation where the person seeking a waiver or any person acting in concert with him has acquired voting rights in the relevant company in the six months immediately prior to the announcement of the proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of such company in relation to the relevant proposal.

During the period from the first day of the six month period preceding the date of this announcement, Jingcheng Holding disposed (1) 10,000,000 A Shares on 6 May 2015; (2) 6,320,000 A Shares on 13 May 2015; and (3) 4,680,000 A Shares on 14 May 2015, save as disclosed, Jingcheng Holding and its concert parties have no other dealings and have not acquired or been deemed to have acquired, any voting rights in the Company.

Jingcheng Holding will apply for a waiver from such obligation pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of Independent Shareholders by way of poll.

It is one of the conditions of the Agreements that the Whitewash Waiver be granted by the Executive and be approved by the Independent Shareholders at the EGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Material Assets Reorganisation will not proceed.

Jingcheng Holding and parties acting in concert with it and Shareholders who are involved in or interested in the Material Assets Reorganisation and/or Whitewash Waiver will abstain from voting on the resolution to approve the Material Assets Reorganisation and the Whitewash Waiver.

(5) ADDITIONAL DISCLOSURE OF INTERESTS

As at the date of this announcement:

- (i) Jingcheng Holding or its concert parties have not received any irrevocable commitment from any person to vote for or against the resolutions to be proposed at the EGM to approve the Material Assets Reorganisation (including the issuance of the Consideration Shares) and/or the Whitewash Waiver;
- (ii) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of any of Jingcheng Holding and the Company and which might be material to the transactions contemplated under the Material Assets Reorganisation (including the issuance of the Consideration Shares) and/or the Whitewash Waiver;
- (iii) save for the Material Assets Reorganisation, there are no agreements or arrangements to which Jingcheng Holding is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition under the Material Assets Reorganisation (including the issuance of the Consideration Shares) and/or the Whitewash Waiver;
- (iv) no Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company have been borrowed or lent by Jingcheng Holding and/or its concert parties.

(6) IMPLICATIONS UNDER THE LISTING RULES

On the basis that the transactions under the Proposed Acquisition involve disposal of their respective holding of equity interests in Jingcheng International Financial by Jingcheng Holding and its indirect non-wholly owned subsidiary, Jingcheng Europe, to the Group, the transactions under the Asset Purchase Agreement and Equity Interests Transfer Framework Agreement are aggregated pursuant to Rule 14.23 of the Listing Rules. As one or more of the applicable percentage ratios of the Proposed Acquisition exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition transaction for the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, Jingcheng Holding holds 180,620,000 A Shares, representing approximately 42.8% of all Shares in issue. Jingcheng Holding is a controlling shareholder of the Company and thus a connected person of the Company. Jingcheng Europe is an indirect non-wholly owned subsidiary of Jingcheng Holding, and thus is also a connected person of the Company. Accordingly, the Proposed Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The issuance of A Shares to Jingcheng Holding under the Subscription Agreement constitutes a connected transaction of the Company under the Listing Rules. On the basis of the amount of funds proposed to be raised amounting to RMB30,000,000, the applicable ratios of the proposed subscription of A Shares by Jingcheng Holding under the Subscription Agreement are more than 0.1% but less than 5%, the transaction is subject to reporting, announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Independent Board Committees

The Listing Rules IBC, in compliance with the Listing Rules, will be established to consider the terms of the Proposed Acquisition and Non-public Issuance and advise the Independent Shareholders as to whether the terms of the Proposed Acquisition and Non-public Issuance are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and to give its recommendation as to the voting in respect of the resolution to be proposed at the EGM for approving the Proposed Acquisition and Non-public Issuance, after taking into account the recommendation of the Independent Financial Adviser. In this connection, the Independent Financial Adviser will be appointed to advise the Listing Rules IBC and the Independent Shareholders in the same regard.

The Takeovers Code IBC, in compliance with Rule 2.8 of the Takeovers Code, will be established to consider the terms of the Proposed Acquisition, Non-public Issuance and the Whitewash Waiver, and advise the Independent Shareholders as to whether the terms of the Proposed Acquisition, Non-public Issuance and the Whitewash Waiver, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and to give its recommendation as to the voting in respect of the resolutions to be proposed at the EGM for approving the Proposed Acquisition, Non-public Issuance and the Whitewash Waiver, after taking into account the recommendation of the Independent Financial Adviser. In this connection, the Independent Financial Adviser will be appointed to advise the Takeovers Code IBC and the Independent Shareholders in the same regard. Further announcement will be made as and when the Independent Financial Adviser is appointed.

(7) DESPATCH OF CIRCULAR

Further announcement(s) will be made by the Company upon the Final Proposal having been approved by the government and regulatory authorities in the PRC and by the Board, and as and when appropriate in accordance with the Listing Rules and/or the Takeovers Codes as applicable.

After the approval of the Final Proposal by the Board, a circular containing, among other things, (i) further information on the Material Assets Reorganisation, (ii) the particulars required by the Listing Rules and/or the Takeovers Codes concerning the Material Assets Reorganisation, (iii) the Whitewash Waiver, (iv) the recommendation of the Listing Rules IBC and Takeovers Code IBC; (v) advice of the Independent Financial Adviser regarding the Material Assets Reorganisation and the Whitewash Waiver; and (vi) notice to convene the general meeting, the respective class meetings for A Shares and H Shares, will be dispatch to the Shareholders in accordance with the applicable

Listing Rules and Takeovers Code. As additional time is required for the preparation of the financial and other information in relation to the Material Assets Reorganisation, the Company will apply to the Executive for a waiver from compliance with Rule 8.2 of the Takeovers Code. The Company will convene a Board meeting and announce the date of the general meeting in due course. The Material Assets Reorganisation requires approvals from various relevant government authorities in the PRC, in case the circular cannot be dispatched within 21 days from the date of this announcement as envisaged, further announcement(s) will be made by the Company as appropriate.

(8) GENERAL

Information on the Company

The Company is principally engaged in research and development, manufacture and sale of compressed gas cylinders, gas compressors and related equipment.

Information on Jingcheng International Financial

Jingcheng International Financial is a limited liability company incorporated in the PRC and whose principal activity is financial leasing business, leasing business, purchase of leased properties from domestic and overseas sellers, treatment of residual value of and maintenance of leased property; lease transaction advisory and guarantees (for those projects requiring approval according to law, the operating activities can be commenced after the approval of the relevant departments according to the approved content).

Information on Jingcheng Holding

Jingcheng Holding is an enterprise in the equipment manufacturing industry. Its main business segments include digitally-controlled machine tool segment, gas storage and transportation segment, printing machinery segment, environmental protection business segment, engineering machinery segment, thermal power generation segment, new energy segment, switch business segment, wire and cable segment, electrical and mechanical business segment, logistics business segment and lease financing business.

Information on Jingcheng Europe

Jingcheng Europe is a limited liability company incorporated in Germany and is an investment holding company.

Information on Beijing SASAC

Beijing SASAC is the ultimate beneficial owner of Jingcheng Holding and owns 100% equity of Beijing State-owned Capital Operation and Management Center. Pursuant to the Program for the Reform of the Institutions of the People's Government of Beijing Municipality as approved by the Central Committee of the Communist Party of China and the State Council and the Circular

of the People's Government of Beijing Municipality about the Establishment of Institutions, the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (Municipality SASAC) has been established. Municipality SASAC is a special institution directly under the Municipality Government and authorised by the Municipality Government to represent the State to perform the duties of the state-owned assets contributor. The Party Committee of the Municipality SASAC performs duties stipulated by the Municipality Committee.

Information on Beijing State-owned Capital Operation and Management Center

Beijing State-owned Capital Operation and Management Center directly owns 100% equity of Jingcheng Holding and is a state-owned enterprise established entirely with the capital contributed by Beijing SASAC on 30 December 2008 with a registered capital of RMB30 billion. It is an investment and financing platform focusing on the operation of state-owned capital and the management of state-owned equities with the objective of achieving the securitisation and maximising the value of state-owned capital.

Shareholders and potential investors in the Company are urged to exercise caution when dealing in the securities of the Company. In particular, Shareholders and potential investors in the Company are reminded that there is no assurance that the Material Assets Reorganisation or any other transactions mentioned in this announcement will materialise or eventually be consummated, and that the Material Assets Reorganisation will be subject to various conditions and the terms under the Agreements and are subject to change. In particular, the Material Assets Reorganisation may be conditional upon, among other things, any necessary regulators' consents, approvals and/or waivers. Persons who are in doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor or other professional advisors.

(10) RESUMPTION OF TRADING OF H SHARES

Trading in H Shares on the Stock Exchange has been suspended since 9:00 a.m. on 29 June 2015 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in H Shares from 9:00 a.m. on 14 December 2015.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meaning set out below:—

“A Share(s)”	Renminbi ordinary share(s) of RMB1.00 in the share capital of the Company, which are listed in the Shanghai Stock Exchange
“A Shares Class Meeting”	the class meeting of the holders of A Shares
“acting in concert”	has the same meaning as defined in the Takeovers Code; and the term “concert parties” shall be construed accordingly

“Agreements”	the Asset Purchase Agreement, Equity Interests Transfer Framework Agreements, and the Subscription Agreement
“Asset Purchase Agreement”	the conditional asset purchase agreement (發行股份購買資產協議) dated 26 November 2015 entered into between the Company and Jingcheng Holding in relation to the acquisition by the Company of 75% of equity interest of Jingcheng International Financial
“Beijing SASAC”	State-owned Asset Supervision and Administration Commission of Beijing Municipal Government
“Board”	the board of Directors
“Company”	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 PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration Share(s)”	34,418,842 new A Shares to be allotted and issued by the Company to Jingcheng as payment of the Proposed 75% Acquisition
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve, among other things, the Material Assets Reorganisation and the Whitewash Waiver
“Equity Interests Transfer Framework Agreement”	the conditional equity interests transfer framework agreement (股權轉讓框架協議) dated 26 November 2015 entered into between Jingcheng Europe and Jingcheng (HK) in relation to the acquisition by the Company of 25% of the equity interest of Jingcheng International Financial
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“Final Proposal”	the final proposal which will set out the final terms and details of the Material Asset Reorganisation

“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas foreign listed share(s) of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange
“H Shares Class Meeting”	the class meeting of the holders of H Shares
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Listing Rules IBC, Takeovers Code IBC and the Independent Shareholders in relation to the terms of the Material Assets Reorganisation and the Whitewash Waiver
“Independent Shareholder(s)”	the Shareholders other than (i) Jingcheng Holding and its associates and concert parties; and (ii) the Shareholders who are involved in or interested in the Material Assets Reorganisation and/or the Whitewash Waiver
“Issue Price Benchmark Date”	the date of the announcement in relation to the resolutions passed at the general meeting of the Company, on which resolutions in relation to the Material Assets Reorganisation are considered and approved
“Jingcheng Europe”	Jingcheng Holding Europe GmbH (京城控股(歐洲)有限公司), a company incorporated in Germany and is an indirect subsidiary of Jingcheng Holding
“Jingcheng Holding”	北京京城機電控股有限責任公司(Beijing Jingcheng Machinery Electric Holding Co., Ltd.), a company incorporated in the PRC and holding 42.80% interests in the Company
“Jingcheng International Financial”	北京京城國際融資租賃有限公司(Beijing Jingcheng International Financial Leasing Co., Ltd.), a company incorporated in the PRC and is 75% owned by Jingcheng Holding and 25% owned by Jingcheng Europe
“Jingcheng (HK)”	Jingcheng Holdings (Hong Kong) Ltd. (京城控股(香港)有限公司), a company incorporated in Hong Kong with limited liability is a wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Listing Rules IBC”	an independent committee of the Board to be constituted, in compliance with the Listing Rules, to advise the Independent Shareholders as regards the terms of the Material Assets Reorganisation and the transactions contemplated thereunder
“Material Assets Reorganisation”	the Proposed Acquisition and Non-public Issuance
“Non-public Issuance”	the non-public issuance of a certain number A Shares to be issued by the Company to Jingcheng Holding and not more than nine specific investors
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Price Determination Date”	26 November 2015, the date of announcement in relation to the resolutions passed at the sixth meeting of the eighth session of the Board
“Proposed Acquisition”	the acquisition of 100% equity interests in Jingcheng International Financial pursuant to the Asset Purchase Agreement and the Equity Interests Transfer Framework Agreement
“Proposed 25% Acquisition”	the acquisition of 25% equity interests in Jingcheng International Financial by the Jingcheng (HK) from Jingcheng Europe pursuant to the Equity Interests Transfer Framework Agreement
“Proposed 75% Acquisition”	the acquisition of 75% equity interests in Jingcheng International Financial by the Company from Jingcheng Holding pursuant to the Asset Purchase Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“Shanghai Stock Exchange”	the Shanghai Stock Exchange
“Share(s)”	A Shares and/or H Shares
“Shareholder(s)”	the holders of A Shares and/or the holders of H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Agreement”	the conditional shares subscription agreement (附條件生效的非公開發行股份認購協議) dated 26 November 2015 entered into between the Company and Jingcheng Holding in relation to the proposed subscription of A shares under the Non-public Issuance
“Takeovers Code”	the Code on the Takeovers and Mergers
“Takeovers Code IBC”	an independent committee of the Board to be constituted, in compliance with Rule 2.8 of the Takeovers Code, to advise the Independent Shareholders as regards the terms of the Material Assets Reorganisation (and the transactions contemplated thereunder) and the Whitewash Waiver
“Whitewash Waiver”	a waiver of the obligation of Jingcheng Holding to make a mandatory general offer to the Shareholders in respect of the Shares and securities issued by the Company not already owned or agreed to be acquired by Jingcheng Holding and its concert parties as a result of the Material Assets Reorganisation in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code
“%”	percent

For and on behalf of the Board
Beijing Jingcheng Machinery Electric Company Limited
Jiang Chi
Company Secretary

Beijing, the PRC, 11 December 2015

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Chen Changge, Mr. Li Junjie and Mr. Du Yuexi as executive director, Mr. Xia Zhonghua, Ms. Jin Chunyu and Mr. Fu Hongquan as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.

As at the date of this announcement, the board of directors of Jingcheng Holding comprises 7 directors, namely, Mr. Ren Yaguang, Mr. Chou Ming, Ms. Zhao Ying, Mr. Wang Guohua, Mr. Qi Jianbo, Mr. Bai Jinrong and Mr. Xie Baitang.

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than those relating to the Jingcheng Holding and parties acting in concert with it, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

The directors of the Jingcheng Holding jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Jingcheng Holding, Jingcheng Europe and Jingcheng International Financial and parties acting in concert with any of them, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.