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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 OF RESOLUTIONS PASSED AT THE SECOND MEETING OF
THE EIGHTH BOARD OF DIRECTORS**

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

Pursuant to the notice of meeting dated 29 July 2014, the second meeting of the eighth board of directors (the “Board”) of Beijing Jingcheng Machinery Electric Company Limited (the “Company”) was held at the conference room of the Company, 2/F, No.9 Tianying Road North, Chaoyang District, Beijing on 14 August 2014. Eleven directors were eligible to attend the meeting and nine of them attended the meeting in person. Mr. Zhou Yongjun and Ms. Chang Yun, both of whom are Directors, were absent from the meetings due to business engagements and authorized Mr. Xia Zhonghua and Ms. Jiang Chi to be their proxies to vote on their behalf respectively. The supervisors and senior management members of the Company also attended the meeting. The convening of the meeting was in compliance with the requirements of all applicable laws and the articles of association of the Company.

The meeting was presided over by Mr. Hu Chuanzhong, the Chairman of the Board, at which the following resolutions were individually considered and approved by the directors who attended the meeting:

1. 2014 Interim Report of the Company and its summary were considered and approved.

The number of valid votes for the resolution was 11, with 11 affirmative votes, 0 dissenting vote, and 0 abstention vote.

2. The resolution on the impact on the Interim Report of the Company resulting from the changes in accounting estimation was considered and approved.

Given the material asset reorganization of the Company, the relevant business was changed from manufacturing and distributing printing machinery to gas storage and transportation equipment business, which was a relatively material change in business nature, resulting in the changes in estimated useful lives of fixed assets and the percentage of bad debt provision to account receivables. Hence, it is proposed to make changes to certain accounting estimation to make them more in conformity with our production and operation. The details of the changes in accounting estimation were set out in the announcement dated 16 December 2013 on the websites of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) as well as the announcement dated 17 December 2013, titled “Announcement of the changes in accounting estimation”, on ShangHai Securities News.

The estimated useful lives of fixed assets are revalued based on the types of assets, production characteristics and operation model of gas storage and transportation business, resulting in the changes in depreciation rate and the rate of salvage value of certain fixed assets as well as the bad debt provision percentages. Such changes in accounting estimation came into effect from 1 January 2014, and the Company adopted prospective application for accounting treatment. The net profits on the combined financial statements for the period amounted to RMB19,132,509.45.

The number of valid votes for the resolution was 11, with 11 affirmative votes, 0 dissenting vote, and 0 absention vote.

3. The resolution on provision for impairment of the Company for the half year of 2014 was considered and approved.

Based on the balance of accounts receivable and actual age of accounts and actual usage of assets as of 30 June 2014 upon physical stock take, analysis and audit, bad debt provision and assets impairment provision of RMB-2,695,100 were made by the Company in accordance with the Corporate Accounting Standard issued by the Ministry of Finance and the Internal Control System on Bad Debt Provision and Assets Impairment Provision and Loss Treatment of the Company, of which RMB-5,512,000 from Jingcheng Compressor Co., Ltd, a subsidiary of the Company and RMB2,816,900 from Beijing Tianhai Industry Co., Ltd (hereinafter referred as to “Beijing Tianhai”) (merged). Beijing Industry (merged) was attributable to a transfer amount of RMB 4,162,300.

The number of valid votes for the resolution was 11, with 11 affirmative votes, 0 dissenting vote, and 0 absention vote.

4. The resolution on the capital incremental to Shandong Tianhai High Pressure Containers Co., Ltd (“Shandong Tianhai”) was considered and approved.

On the eighteenth extraordinary meeting of the seventh board of directors held on 16 May 2014, the resolution on the establishment of Shandong Tianhai High Pressure Containers Co., Ltd. (山東天海高壓容器有限公司), jointly invested by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, and Shandong Yongan Heli Cylinder Co., Ltd. (山東永安合力鋼瓶股份有限公司) (“Shandong Heli”) was considered and approved. The registered capital of Shandong Tianhai was RMB30,000,000, of which RMB15,300,000, representing 51% shareholding interest, was contributed by Beijing Tianhai, and RMB14,700,000, representing 49% of the shareholding interest, was contributed by Shandong Heli.

According to the schedule of the project and the production and operation needs of Shandong Tianhai, Beijing Tianhai and Shandong Heli, Beijing Tianhai and Shandong Heli will make contribution to increase the capital of Shandong Tianhai in cash proportionate to their shareholdings in Shandong Tianhai. Beijing Tianhai will contribute RMB43,120,500 in cash and Shandong Heli will contribute RMB41,429,500 in cash, which will amount to RMB84,550,000 in total. Upon the completion of capital injection, the registered capital of Shandong Tianhai will increase from RMB30,000,000 to RMB114,550,000, of which RMB58,420,500, accounting for 51% shareholding interest, is contributed by Beijing Tianhai, and RMB56,129,500, accounting for 49% shareholding interest, is contributed by Shandong Heli.

Based on the articles of association of Shandong Tianhai and its actual situation, the financial and operation decision of Shandong Tianhai should be made by the two shareholders together while Shandong Tianhai is jointly controlled by Beijing Tianhai and Shandong Heli. Therefore, Beijing Tianhai has not included Shandong Tianhai in its combined financial statements.

The number of valid votes for the resolution was 11, with 11 affirmative votes, 0 dissenting vote, and 0 abstention vote.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

14 August 2014

As at the date of this announcement, the Board comprises Mr. Hu Chuanzhong, Mr. Li Junjie, Mr. Wu Yanzhang and Ms. Jiang Chi as executive directors, Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.