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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 IN RELATION TO THE EXPECTED GAIN
IN THE RESULTS OF 2014**

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.

I. Forecasts on the financial results for the current period

(1) Period for which the forecasts were made

1 January 2014 to 31 December 2014.

(2) Forecasts on financial results

Upon the preliminary calculation of the Company's financial department, the Company is expected to record gain in operating results in 2014 as compared to the loss recorded for the same period of last year and realize net profit attributable to the shareholders of the Company of RMB20 million to RMB30 million.

(3) Shinewing Certified Public Accountants LLP, the certified public accountant, has issued a specific explanation on whether the forecasts of the Company's financial results for the current period are appropriate and made with due care:

According to the preliminary audit, the certified public accountant did not discover any audit evidence inconsistent with the "profit forecasts in the 2014 financial results of the Company". However, the certified public accountant would not provide any guarantee in respect of the profit forecasts in the Company's 2014 financial results. Such financial results shall be subject to the financial audit report of 2014 duly issued by the certified public accountant.

II. Financial results for the corresponding period of last year

- (1) Net profit attributable to the shareholders of the Company: RMB-108.239 million.
- (2) Earnings per share: RMB-0.26.

III. The major reasons for the gain in financial results of the current period

- (1) In order to reduce the operating costs and units that generating loss, the Company transferred 100% equity interest in Beijing Jingcheng Compressor Co., Ltd., the subsidiary of the Company, in 2014. The details of which are set out in the information in relation to the transfer of 100% equity interest in Beijing Jingcheng Compressor Co., Ltd. published at the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the HKExnews' website (<http://www.hkexnews.hk>) on 16 May 2014, 29 August 2014 and 25 September 2014.
- (2) To further highlight our main business and relocation requirement, detach certain non-operating assets, reduce amount of assets with low efficiency and raise the asset return rate, the Company sold the college student apartment. The details of which are set out in the information in relation to the disposal of college student apartment published at the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) and the HKExnews' website (<http://www.hkexnews.hk>) on 31 October 2013, 16 December 2013 and 28 January 2014.

IV. Others

- (1) The above forecast data is based on preliminary calculation only. The concrete financial data is subject to the audited annual report of 2014 duly disclosed by the Company. Investors are advised to pay attention to the investment risks.
- (2) Explanation on the potential cancelation of risk warning of the Company's shares

In 2014, the Shanghai Stock Exchange imposed the delisting risk warning on the Company's shares as the net profits of the Company were negative for two consecutive years of 2012 and 2013. If the audited net profit of the Company is positive in 2014, the Company will apply for the cancelation of delisting risk warning to the Shanghai Stock Exchange on a timely basis.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC, 28 January 2015

As at the date of this announcement, the board of directors of the Company comprises Mr. Hu Chuanzhong, Mr. Li Junjie 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.