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北京京城機電股份有限公司
Beijing Jingcheng Machinery Electric Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0187)

**ANNOUNCEMENT ON CONTINUED SUSPENSION OF TRADING
IN RELATION TO MATERIAL ASSETS REORGANISATION**

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.

As Beijing Jingcheng Machinery Electric Company Limited (the “Company”) is planning a significant matter in relation to the issue of shares in consideration of asset purchase, the Company has entered into the material assets reorganisation procedures upon application and an Announcement on the Suspension of Trading in relation to Material Assets Reorganisation (announcement no. Lin 2015-034) was made on 13 July 2015. During the period of suspension of trading, the Company will release an announcement in relation to the progress of material assets reorganisation at the interval of every five trading days.

I. Introduction to the reorganisation framework

① The major counterparty

The major counterparty is Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“Jingcheng Holdings”), the controlling shareholder of the Company, and the other shareholders of the relevant target assets, which has not yet been finalised.

② Transaction method

The transaction method is issue of shares in consideration of asset purchase.

③ Target assets

The target assets are the assets in relation to equipment manufacture and service owned or controlled by Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company. The scope of the target assets has not been finalised.

II. The progress of material assets reorganisation

As of the date of this announcement, the progress of material assets reorganisation is as follow:

- (1) Since the suspension of trading, the Company has been actively carried out relevant work. The intermediary agencies, such as financial consultant, solicitor, accountant and valuer, engaged by the Company have commenced due diligence investigation, audit work and valuation. The Company has also communicating and coordinating with Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company, and regulatory department such as Beijing SASAC actively to facilitate the relevant approval matters. As of the date of this announcement, the relevant work is still processing;
- (2) During the period of suspension of trading, the Company fulfills the obligations of information disclosure according to the relevant provisions.

III. Reason for failure to resume share trading as scheduled

The material asset reorganisation of the Company will involve the issue of shares in consideration of asset purchase. As the wide range of relevant assets and the complicated procedures, the related parties are still communicating and negotiating for the relevant issues which involve the target assets. Due to the specific issues involved have to be further finalised, it is expected that the trading of shares is unable to resume as scheduled.

IV. Application time for continued suspension of trading

As there are still uncertainties in the matter, in order to ensure fair disclosure of information and safeguard the interests of the investors and avoid fluctuation in the prices of the shares of the Company, trading in the shares of the Company will continue to be suspended with effect from 12 August 2015 after the application made by the Company. It is expected that trading in the shares of the Company will be suspended for not more than one month.

During the period of the suspension of trading in the shares, the Company will fulfill the obligations of information disclosure in a timely manner according to the progress of the material assets reorganisation and announce the progress of the matter at the interval of five trading days. Upon the completion of the work, a board meeting will be convened to consider the proposal for material assets reorganisation. Announcements will be made and the trading in the shares of the Company will resume timely. Investors should be aware of the investment risks involved.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

11 August 2015

As at the date of this announcement, the board of directors of the Company comprises Mr. Hu Chuanzhong, Mr. Li Junjie, Ms. Liu Zhe and Ms. Jiang Chi as executive directors, 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.