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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 INFORMATION PROVIDED AT
INVESTORS BRIEFING SESSION**

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 its contents.

I. The briefing session

The investors briefing session of Beijing Jingcheng Machinery Electric Company Limited (the "Company") was held at the first conference room, No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, the PRC, at 14:30-16:30 p.m. on 12 October 2015. Personnel such as chairman and general manager of the investor companies, representatives of the controlling shareholder, securities affairs representative and intermediaries participated in the session. The Company interacted and communicated with the investors in the session, and answered questions which were concerned by the investors at large.

II. The main issues raised by the investors in the session and answers of the Company were as follows:

1. Question from investor: What is the scope of target assets for the reorganisation?

Answer: The whole reorganisation proposal is still under consultation, discussion and revision process, please read the announcement on the progress published by the Company. You should understand that it is not the right time to give a thorough description on the proposal, but it is certain that the assets to be injected would be in high quality.

2. Question from investor: Will there be loss recorded within two years after the completion of the reorganisation, just like what happened in the previous reorganisation?

Answer: In the previous reorganisation, the whole natural gas industry was in good condition, its development was supported by the country, and there were great changes over the two years after completion of the reorganisation. First, oil prices changed significantly, and serious decline in demand throughout the natural gas industry was recorded due to the decrease in oil prices; second, part of the main businesses of the Company focuses on the heavy truck and public transport services. Also, there were changes in the country's policies of public transport, and now basically the focus was on electric vehicle as one of the development directions of the public transport services, which led to the failure in achieving the expected goal after completion of the previous reorganisation.

This time, we inject better quality assets and service-oriented assets related to the equipment manufacturing industry into the listed company, so as to better increase the profit of the listed company. Of course there will be operating risks but we are rather optimistic.

3. Question from investor: Is this reorganisation a business transformation or business integration?

Answer: The assets injection to the Company is for the purpose of enhancing the profitability of the listed company, so as to establish the Company to be the only listing platform. The proposed assets to be injected are service-oriented assets related to the equipment manufacturing industry.

4. Question from investor: Next step for business positioning

Answer: To enhance the sustainable profitability of the listed company and return to investors through continuous efforts in establishing the listing platform for the holding company.

5. Question from investor: What is the medium and long term planning for the future of the Company?

Answer: This year the Company caught up with the timeframe and is currently formulating the "Thirteenth five-year plan" for the platform of the holding company and its subsidiaries, and has not completed yet.

6. Question from investor: The Company is listed on the A share and H share markets, would the Company consider better promoting its development through the A share and H share platforms?

Answer: The major shareholder should consider and study seriously whether to better utilise the H shares or not. In order to better utilise the H shares platform, we need to undergo business integration of the listed company. We are also considering how to utilise the structure of shareholding of A shares and H shares, yet there are no specific measures and plans at present.

7. Question from investor: How to utilise the idle land in Beijing, Tianjin and Shanghai?

Answer: As regards the Wu Fang Qiao land lot, which is relatively attractive and is in the process of relocation during the year, over 10 companies have approached the Company and 4 of them are preliminary identified (in 4 directions). The proposal is still under negotiation, and we would like to choose a better direction of cooperation in order to create profits continuously and replenish cash flow. Currently, two companies have approached the Company for the idle factory with an area of approximately 10,000 sq. meters in Tianjin's Free Trade Zone. The idle land in Shanghai was acquired in the previous acquisition. As the idle land is for industrial use, change of land use is strictly restricted by the government and, therefore, there is no clear development plans.

8. Question from investor: How do you see the development prospect of the environmental protection business?

Answer: There are three major sectors in the environmental protection business, namely, air pollution control, solid waste treatment and sewage treatment. The environmental protection business of the Group is focusing on solid waste treatment and we are less involved in air pollution control and sewage treatment

9. Question from investor: How do you see the development prospect of the machine tool segment?

Answer: Currently the machine tool segment is under a poor situation, enterprises in the industry recorded significant losses and both the sales revenue and profitability also declined.

10. Question from investor: How did the reorganisation plan improves the results of the listed company?

Answer: Before the reorganisation, Tianhai Company has realised sales growth of 10 times in 10 years, it is in good development. However, as the significant fluctuation of the energy prices in recent years has created a distortion of the correlation of oil prices and gas prices, it led to a significant decrease in demand. On the other hand, the government makes great efforts to support the new energy industry, including electric vehicle, which affects the natural gas industry.

As a clean energy, natural gas is still playing an important role in the energy structure of the society as a whole in long term. On the national strategic level, the proportion of natural gas in the energy structure would increase in order to reduce dependence on foreign oil. Moreover, leveraging on the leading position of the Company, the management is very confident in the future development of Tianhai Company.

11. Question from investor: Under the background of Industry 4.0, how does the Company look for development opportunities?

Answer: The Company has established a relevant investment department, which contacts with the intermediaries actively and looks for new development opportunities through mergers and acquisitions and other means.

12: Question from investor: Does the Company intend to build a capital operation platform of “Investment and financing, withdrawal of management”

Answer: In regard of the requirements of the Group and the State-owned Enterprises Reform, the Group shall make full use of the platform as a listed company to establish the Group’s business integration platform and capital operation platform. Meanwhile, the Company also welcomes strategic investors to the listed company to bring in advanced management skills and more development opportunities, allowing the Company to grow with its investors.

13: Question from investor: Estimated time for the completion of the reorganisation proposal

Answer: Since the reorganisation proposal involves different parties, and the suspension of trading happened earlier at the beginning of stock market crisis, fundamental changes were seen in investors’ expectations of the capital market as the crisis intensified, bringing more difficulties in the related negotiations, thus requiring more time for completion. We will accelerate the reorganisation, reach consensus with the parties through negotiation in order to resume trading as soon as possible.

14: Question from investor: the State-owned Enterprises Reform

Answer: 1) The State-owned Enterprises Reform has long been an issue. The first round of the Reform began in the early 1980s and another round took place in around 2000, which has made significant advancement and the Reform is gradually unleashed. It can be said that each round of the Reform has infused the macro economy and enterprises with new vitality. An overall plan is needed for this round of the Reform. We shall actively move forward according to the unified arrangements of the Beijing SASAC. 2) As the employee stock ownership plan related policies in Beijing have not been announced, the Company will actively proceed with the reform-related work upon the implementation of relevant policies.

In addition to the above main questions, there were investors who raised questions in relation to own concerns. The Company expresses deep gratitude for investors and the public who expressed support, concern and provided valuable recommendation or advice to the Company and its shareholders.

Currently there are still uncertainties in the material assets reorganisation and investors are advised to pay attention to the information announced by the Company on designated media for disclosure of information, namely the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>), Shanghai Securities News, Securities Daily and the HKExnews website of the Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>), and investors should be aware of the investment risks involved.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC, 13 October 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.