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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 LOAN SECURED BY PROPERTIES AND
LAND OF TIANJIN TIANHAI HIGH PRESSURE CO., LTD.,
AN INDIRECT SUBSIDIARY OF THE COMPANY**

The Board and all members of the Board of the Company warrant that this announcement does not contain any false information, misleading statement or material omission and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

On 18 November 2016, the “Resolution in relation to Loan secured by Properties and Land of Tianjin Tianhai High Pressure Co., Ltd., an Indirect Subsidiary of the Company”, was considered and approved at the twentieth extraordinary meeting of the eighth session of the board of directors (the “Board”) of Beijing Jingcheng Machinery Electric Company Limited (the “Company”), with relevant details as follows:

1. BASIC INFORMATION OF LOAN SECURED BY PROPERTIES AND LAND

Tianjin Tianhai High Pressure Co., Ltd. (“Tianjin Tianhai”), an indirect subsidiary of the Company, applied to Tianjin Branch of Hua Xia Bank Co., Ltd. (華夏銀行股份有限公司天津分行) for combined credit facilities amounting to not more than RMB80 million with a net amount of the facilities of RMB72 million. The combined credit facilities consist of: working capital loans of RMB40 million which shall be paid by way of trust for a term of 1 year; banks acceptance bills of RMB40 million with a deposit ratio of not less than 30%; trade credit facilities of RMB40 million (including issue of domestic letters of credit and forward payment confirmation of domestic letters of credit) with a deposit ratio of not less than 20%. The above facilities are secured by Tianjin Tianhai’s own properties, of which the working capital loans are secured by the land and property of Tianjin Tianhai located at No. 268 Jinbin Road, Tianjin Port Free Trade Zone (Fang Di Zheng Jin Zi No. 115031501859) with an area having land use right of 50,378.4 square metres; the banks acceptance bills and trade credit facilities are secured by the land and property of Tianjin Tianhai

located at No. 306, Xingang Road, Free Trade Zone (Fang Di Zheng Jin Zi No. 115021201217) with an area having land use right of 45,489.2 square metres. The facilities granted are for purchasing raw and ancillary materials such as steel pipes, bottle caps and necks, paints and coatings for production.

2. IMPACTS ON THE COMPANY

The loan secured by properties and land would reduce the financial costs of the Company and facilitate the development of the Company, but would not prejudice the interests of the Company and minority shareholders.

3. CONSIDERATION BY THE BOARD

On 18 November 2016, the “Resolution in relation to Loan Secured by Properties and Land of Tianjin Tianhai High Pressure Co., Ltd., an Indirect Subsidiary of the Company” was considered and approved at the twentieth extraordinary meeting of the eighth session of the Board.

On 18 November 2016, the “Resolution in relation to Loan Secured by Properties and Land of Tianjin Tianhai High Pressure Co., Ltd., an Indirect Subsidiary of the Company” was considered and approved at the twenty-fourth meeting of the eighth session of the Supervisory Committee.

IV. OPINION OF INDEPENDENT DIRECTORS

Application by the indirect subsidiary of the Company for bank loans by the pledge of its own land use rights is in line with the needs of the business and operation development of the Company and beneficial in reducing the financial costs of the Company without any impact on the interests of the Company and its shareholders as a whole. Hence, we agree on the approval by the Board in respect of this resolution. The loan secured by land use rights was considered and approved at the twentieth extraordinary meeting of the eighth session of the Board. The decision-making procedures are in compliance with laws, regulations and requirements of the Articles of Association and the resolution passed at the meeting is legal and effective.

V. DOCUMENTS AVAILABLE FOR INSPECTION

Resolutions passed at the twentieth extraordinary meeting of the eighth session of the Board;

Resolutions passed at the twenty-fourth meeting of the eighth session of the Supervisory Committee.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC
18 November 2016

As at the date of this announcement, the Board of the Company comprises Mr. Wang Jun, Mr. Chen Changge, Mr. Li Junjie and Mr. Du Yuexi 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.