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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 THE FINANCIAL ASSISTANCE PROVIDED BY
THE CONTROLLING SHAREHOLDER TO THE COMPANY**

The board of directors of the Company and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and are severally and jointly responsible for the truthfulness, accuracy and completeness of the contents herein contained.

I. Summary of accepting financial assistance

(I) Basic information

Beijing Jingcheng Machinery Electric Holding Co., Ltd. ("Jingcheng Holding"), the controlling shareholder of Beijing Jingcheng Machinery Electric Company Limited (the "Company"), provided a bridging loan of RMB45 million to Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, for a term of six months. The bridging loan bears interests at the benchmark one-year lending interest rate determined by the People's Bank of China. Such financial assistance is on normal commercial term and the Company does not provide corresponding security or guarantee over such financial assistance.

(II) Consideration and approval

On 18 November 2016, the resolution of providing a bridging loan of RMB45 million to Beijing Tianhai Industry Co., Ltd. by Jingcheng Holding, was considered and approved at the twentieth extraordinary meeting of the eighth session of the board of directors (the "Board") of the Company.

On 18 November 2016, the resolution of providing a bridging loan of RMB45 million to Beijing Tianhai Industry Co., Ltd. by Jingcheng Holding, was considered and approved at the twenty-fourth meeting of the eighth session of the Supervisory Committee of the Company.

The above matter does not constitute material assets reorganization as regulated under the Administrative Measures on Significant Asset Restructuring of Listed Companies.

(III) Exemption of connected transaction

Since Jingcheng Holding is the controlling shareholder of the Company, the above matter constitutes a connected transaction.

According the regulation of the Guidelines on the Shanghai Stock Exchange for the Listed Companies' Postponement of and Exemption from Information Disclosure, such financial assistance does not have to apply for exemption from the Shanghai Stock Exchange. If the self-exemption conditions are met, the matter can be considered and disclosed by way of exempted-connected transaction.

The financial assistance matter is conducted on normal commercial terms and it is not secured by the assets of the Company and its subsidiaries, the financial assistance matter is fully exempted according to Rule 14A.90 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

II. Basic information of entity providing financial assistance to the Company:

1. Entity providing financial assistance: Jingcheng Holding
2. Legal representative: Ren Yaguang
3. Type of enterprise: limited liability company (wholly state-owned)
4. Registered address: 18/F, 59 Dong San Huan Zhong Lu, Zhaoyang district, Beijing
5. Registered capital: RMB2,010,987,082.96
6. Date of establishment: 8 September 1997
7. Registration number: 911100006336862176

Business scope: Labour dispatch; state-owned assets management within authorized scope; investment and investment management; property development, sale of real estate; property leasing; property management; technology transfer, technical training, technical consultation, technical services; sale of mechanical and electrical equipment (excluding vehicles); technology development. (for projects requiring approval according to law, the operating activities can be commenced according to the approved content after the approval of the relevant departments.)

III. Effects on the Company in relation to the financial assistance provided by Jingcheng Holding

Jingcheng Holding provides financial assistance to the Company to improve its cash flow. The assistance bears interests at the benchmark one-year lending interest rate determined by the People's Bank of China. The Company does not have security or guarantee over such financial assistance, and

such matter would not be against the interests of the Company and its shareholders, especially the minority shareholders of the Company.

IV. Documents available for inspection

The resolutions passed at the twentieth meeting of extraordinary meeting of the eighth session of the Board of the Company;

The resolutions passed at the twenty-fourth meeting of the eighth session of the Supervisory Committee of the Company.

The Board of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC
18 November 2016

As at the date of this announcement, the Board 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.