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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 REPURCHASE
AND CANCELLATION OF PART OF THE RESTRICTED
A SHARES GRANTED BUT SUBJECT TO LOCK-UP**

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

IMPORTANT NOTICES:

- Among the Participants in the Initial Grant under the 2023 Restricted Share Incentive Scheme of the Company, 5 of them are no longer eligible to be the Participants due to resignation, internal retirement, transfer of job, etc. The Company intends to repurchase and cancel all or part of the Restricted Shares granted to them.
- The number of Restricted Shares for repurchase and cancellation: 180,000 shares (all being part of the Initial Grant).
- The repurchase price of the Restricted Shares: Among the five Participants in this proposed repurchase, four of them who resign on their own accord or retire internally hold a total of 130,000 Restricted Shares subject to lock-up, with the repurchase price of RMB7.33/share, while one of them who is no longer eligible to be the Participant due to transfer of job holds a total of 50,000 Restricted Shares subject to lock-up, with the repurchase price at the sum of RMB7.33/share plus the interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People's Bank of China.

References are made to the announcements dated 24 March 2023, 14 November 2023 and 29 December 2023, and the circular dated 25 October 2023 (the “**Circular**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”), in relation to (among others) the adoption of the Restricted Share Incentive Scheme and the Initial Grant of the Restricted Shares to the Participants under the Restricted Share Incentive Scheme by the Company. Unless the context otherwise requires, the capitalized terms used in this announcement shall have the same meaning as those defined in the Circular.

The Company considered and approved the “Resolution in relation to the Repurchase and Cancellation of Part of the Restricted A Shares Granted but subject to Lock-up” at the eleventh extraordinary meeting of the eleventh session of the Board and the sixteenth meeting of the eleventh session of the Supervisory Committee convened on 27 February 2025, and agreed that the Company shall repurchase and cancel a total of 180,000 restricted A shares granted and have not been unlocked in accordance with the “2023 Restricted Share Incentive Scheme of Beijing Jingcheng Machinery Electric Company Limited” (the “**Incentive Scheme**”). The relevant matters are currently announced as follows:

I. The implemented process of decision-making and information disclosure of the Incentive Scheme

1. On 24 March 2023, the Company convened the twenty-second extraordinary meeting of the tenth session of the Board, where the “Resolution in relation to the 2023 Restricted Share Incentive Scheme (Draft) and its Abstract of the Company”, the “Resolution in relation to the 2023 Restricted Share Grant Scheme of the Company”, the “Resolution in relation to the 2023 Restricted Share Management Measures of the Company”, and the “Resolution in relation to the Request to the General Meeting on the Proposed Authorization to the Board to Handle the Relevant Matters related to the Restricted Share Incentive Scheme” were considered and approved. The independent non-executive Directors of the Company have expressed their independent opinions on the resolutions related to the Incentive Scheme. On the same date, the Company convened the twenty-ninth meeting of the tenth session of the Supervisory Committee, where the relevant resolutions were considered and approved. The Supervisory Committee of the Company verified the matters related to the Incentive Scheme and issued relevant verification opinions.
2. From 12 May 2023 to 22 May 2023, the Company internally announced the names and positions of the proposed Participants of the Incentive Scheme. As of the expiration of the announcement period, the Supervisory Committee of the Company had not received any objections or record of feedback to the list of this batch of proposed Participants. On 28 June 2023, the Company disclosed the “Explanation of the Verification Opinions and Publicity Status of the List of Proposed Participants for the 2023 Restricted Share Incentive Scheme of the Company by the Supervisory Committee”.

3. On 26 June 2023, the Company disclosed the “Announcement in relation to the Approval of the Restricted Share Incentive Scheme by State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality”, and the Company received the “Approval for the Implementation of the Share Incentive Scheme by Beijing Jingcheng Machinery Electric Company Limited from the Beijing SASAC” (Jing Guo Zi [2023] No. 43), whereby the Beijing SASAC agreed in principle to the implementation of the Incentive Scheme by the Company.
4. On 13 November 2023, the Company convened the 2023 first extraordinary general meeting, the 2023 first A shares class meeting and the 2023 first H shares class meeting, where the “Resolution in relation to the 2023 Restricted Share Incentive Scheme (Draft) and its Abstract of the Company”, the “Resolution in relation to the 2023 Restricted Share Grant Scheme of the Company”, the “Resolution in relation to the 2023 Restricted Share Management Measures of the Company” and the “Resolution in relation to the Request to the General Meeting on the Proposed Authorization to the Board to Handle the Relevant Matters related to the Restricted Share Incentive Scheme” were considered and approved. On 25 October 2023, the Company disclosed the “Self-Investigation Report on the Insider Trading of the Company’s Stocks by Individuals with Insider Information Related to the 2023 Restricted Share Incentive Scheme”.
5. On 14 November 2023, the Company convened the fifth extraordinary meeting of the eleventh session of the Board and the seventh meeting of the eleventh session of the Supervisory Committee, where the “Resolution in relation to the Adjustment of Matters Relating to the 2023 Restricted Share Incentive Scheme” and the “Resolution in relation to the Initial Grant of Restricted Shares to the Participants under the 2023 Restricted Share Incentive Scheme” were considered and approved. The independent non-executive Directors of the Company expressed their independent opinions on the relevant matters, and the Supervisory Committee reviewed the list of Participants for the grant and issued verification opinions.
6. On 28 December 2023, the Company has completed the registration of the Initial Grant of Restricted Shares under the Incentive Scheme with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The total number of Restricted Shares actually granted and registered was 5,400,000 shares, and the number of Participants for the Initial Grant was 115. On 29 December 2023, the Company disclosed the “Announcement in relation to the Results of Initial Grant of Restricted Shares under the 2023 Restricted Share Incentive Scheme”.
7. On 27 February 2025, the “Resolution in relation to the Repurchase and Cancellation of Part of the Restricted A Shares Granted but subject to Lock-up” was considered and approved at the eleventh extraordinary meeting of the eleventh session of the Board and the sixteenth meeting of the eleventh session of the Supervisory Committee of the Company.

II. Repurchase and cancellation of Restricted Shares

(1) *Reasons for and the number of repurchase and cancellation*

1. *Reasons for resignation of the participants*

Pursuant to item (3) under (II) Changes in the Personal Circumstances of the Participants in Chapter XIII Measures for Changes to the Company and Personal Circumstances of the Participants of the Incentive Scheme, “if the Participant resigns or the employment relationship is terminated due to personal reasons, the Company shall repurchase the Restricted Shares subject to lock-up at the lower of the Grant Price and the market price”.

Given three of the Participants under the Initial Grant resigned due to personal reasons and are no longer eligible to be the Participants, the Company is required to repurchase and cancel all of the 80,000 restricted A shares granted but subject to lock-up at the lower of the Grant Price and the market price.

2. *Reasons for internal retirement of the Participants*

Pursuant to item (7) under (II) Changes in the Personal Circumstances of the Participants in Chapter XIII Measures for Changes to the Company and Personal Circumstances of the Participants of the Incentive Scheme, “the Board shall determine the handling methods for other situations not specified herein”.

Given one of the Participants under the Initial Grant no longer holds any position in the Company due to internal retirement and it is not appropriate to continue to incentivise him, the Board has decided to refer to the treatments on the Participants as specified in the item (3) under Part (II) in Chapter XIII of the Incentive Scheme, “if the Participant resigns or the employment relationship is terminated due to personal reasons, the Company shall repurchase the Restricted Shares subject to lock-up at the lower of the Grant Price and the market price”, and the Company is required to repurchase and cancel all of the 50,000 restricted A shares granted but subject to lock-up from the Participant at the lower of the Grant Price and the market price.

3. Reasons for transfers of job of the Participants

Pursuant to item (2) under (II) Changes in the Personal Circumstances of the Participants in Chapter XIII Measures for Changes to the Company and Personal Circumstances of the Participants of the Incentive Scheme, “if the Participant terminates his/her employment with the Company due to transfer of job, dismissal, retirement, death or incapacity, the exercisable portion (with clear vesting of interests) may be exercised within six months from the date of termination of employment (or when the portion can be exercised) if the exercisable time limit and performance assessment conditions have been met in that year, and the entitlement shall lapse after such six months. Any remaining portion in respect of which the performance assessment conditions for the year are not met will not be released and will be repurchased by the Company at the sum of the Grant Price plus interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People’s Bank of China”.

Given one of the Participants under the Initial Grant terminates the employment relationship with the Company due to the transfer of job, the Company is required to repurchase and cancel the 50,000 restricted A shares granted but subject to lock-up at the sum of the Grant Price plus the interest earned from bank time deposits.

Based on the above, a total of 180,000 Restricted Shares granted but subject to lock-up (all being the part under the Initial Grant) were repurchased due to the changes in the circumstances of the Participants, representing approximately 0.03% of the total share capital of the Company before the repurchase.

(2) Repurchase price

Among the five Participants in this proposed repurchase, four of the Participants who resigned hold a total of 130,000 Restricted Shares subject to lock-up, with the repurchase price of RMB7.33/share, while one of them who terminates the employment relationship with the Company due to transfer of job holds a total of 50,000 Restricted Shares subject to lock-up, with the repurchase price at the sum of RMB7.33/share plus the interest earned on time deposits calculated in accordance with the latest benchmark deposit rate issued by the People’s Bank of China.

(3) Total amount of funds and the source of funds for the repurchase

The total amount of funds to be used for the repurchase of Restricted Shares is approximately RMB1,319,400 (plus interests payable for the time deposits in banks as required), which will be financed by the Company's own funds.

III. Table on changes in the Company's shareholding structure after the repurchase and cancellation

Class of Shares	Before the change		Increase/ decrease in the change	After the change	
	Number of shares (shares)	Proportion (%)	Number of change (shares)	Number of shares (shares)	Proportion (%)
Shares subject to lock-up (A Shares)	12,434,552	2.27	-180,000	12,254,552	2.24
Shares not subject to lock-up (A Shares)	435,231,436	79.47	0	435,231,436	79.50
H Shares	100,000,000	18.26	0	100,000,000	18.27
Total number of Shares	547,665,988	100.00	-180,000	547,485,988	100.00

Note: The above changes in the structure of share capital are based on the table of the structure of share capital issued by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited upon the completion of the repurchase and cancellation.

The repurchase and cancellation of part of the restricted A shares shall not result in any change in the controlling shareholders of the Company, and the shareholding distribution of the Company still complies with the relevant provisions as specified in the Listing Rules of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. The repurchase and cancellation will not have any substantial impact on the operating results and the financial position of the Company.

IV. Impacts on the results of the Company

The repurchase and cancellation of restricted A shares shall not affect the continuation of the Incentive Scheme; the number of interests lapsed due to the repurchase and cancellation of Restricted Shares will be adjusted for annual fees amortization according to the fair value determined on the Grant Date; the repurchase and cancellation of Restricted Shares as well as the adjustment on the repurchase prices shall have no material impact on the financial position and the operating results of the Company, and have no impact on the diligence and accountability of the management team of the Company. The management team of the Company will continue to duly perform their duties and responsibilities, while creating values for Shareholders.

V. Adjustments on the registered capital of the Company and the amendments to the Articles of Association

Following the cancellation of the aforesaid repurchased shares, the registered capital of the Company will decrease by RMB180,000 and corresponding amendments shall be made to relevant provisions of the Articles of Association. After the consideration and approval at the general meeting, A share class meeting and H shares class meeting of the Company, the operation management of the Company shall be authorized to complete the procedures for industrial and commercial change registration of the registered capital of the Company and amend the relevant clauses of the Articles of Association.

VI. Opinions of the independent Directors

The repurchase and cancellation of the Restricted Shares granted but subject to lock-up by the Company from five Participants under the Incentive Scheme complies with the relevant provisions in the “Management Measures for Equity Incentives of Listed Companies” and the Incentive Scheme. The basis, procedure, number and price of the repurchase and cancellation are in compliance with laws and regulations; the repurchase and cancellation of part of the restricted A shares shall have no prejudice to the interests of the Company and all of the Shareholders, and have no material impact on the financial position and operating results of the Company, with no impact on the continuous implementation of the Incentive Scheme of the Company. Accordingly, the repurchase and cancellation of part of the Restricted Shares of the Initial Grant under the 2023 Restricted Share Incentive Scheme by the Company is unanimously agreed by the independent non-executive Directors of the Company.

VII. Opinions of the Remuneration Committee

Upon review, the remuneration committee of the Board of the Company unanimously agrees that the Company has repurchased and canceled the restricted A shares granted but subject to lock-up in accordance with the “2023 Restricted Share Incentive Scheme” due to the resignation, internal retirement or transfer of job, etc, of five participants, which is in line with the provisions of the “Management Measures for Equity Incentives of Listed Companies” and the “2023 Restricted Share Incentive Scheme”. The reasons for, number and price of the cancellation of restricted A shares are legal and effective. The above matters will not result in the shareholding structure of the Company to become ineligible for listing, and will not affect the continuous implementation of the “2023 Restricted Share Incentive Scheme” of the Company and shall not have prejudice to the interests of the Company and the Shareholders. The repurchase and cancellation of part of the Restricted Shares of the Initial Grant under the 2023 Restricted Share Incentive Scheme by the Company is agreed.

VIII. Verification opinions of the Supervisory Committee

Upon review, the Supervisory Committee considers that the repurchase and cancellation of part of the restricted A shares by the Company under the 2023 Restricted Share Incentive Scheme, part of which have been granted but subject to lock-up, and the relevant consideration procedures comply with the laws and regulations, such as the “Management Measures for Equity Incentives of Listed Companies”, etc., normative documents, and the relevant provisions in the “Articles of Association of Beijing Jingcheng Machinery Electric Company Limited” and the “2023 Restricted Share Incentive Scheme” of the Company, with no prejudice to the interests of the Company and Shareholders. The Supervisory Committee agrees that the Company shall repurchase and cancel the 180,000 restricted A shares granted but subject to lock-up from five Participants with its own funds as required.

IX. Legal opinions from lawyers

- (1) As the issue date of the “Legal Opinion” from Beijing Kangda Law Firm, the Company has obtained the necessary authorization and approval for the repurchase and cancellation at the current stage, and complies with the relevant requirements in the “Management Measures”, the “Trial Measures” and the Incentive Scheme;
- (2) The reasons for, the number and price of the repurchase and cancellation comply with the relevant requirements in the “Management Measures”, the “Trial Measures” and the Incentive Scheme; and
- (3) The repurchase and cancellation shall be subject to consideration and approval at the general meeting and the class meetings of the Company, the fulfilment of corresponding information disclosure obligations, as well as the processing of registration and other procedures for reduction of registered capital and cancellation of shares in accordance with the “Company Law” and other laws and regulations, as well as normative documents.

The Company will publish a notice and a circular in due course for the proposed convening of the general meeting to consider the relevant resolutions.

By order of the Board
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
27 February 2025

As at the date of this announcement, the Board comprises Mr. Zhang Jiheng as an executive Director, Mr. Li Junjie, Mr. Zhou Yongjun, Mr. Man Huiyong and Ms. Li Chunzhi as non-executive Directors, and Ms. Chen Junping, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive Directors.