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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)

INSIDE INFORMATION

POTENTIAL CAPITAL INCREASE OF A WHOLLY-OWNED SUBSIDIARY

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

This announcement is made by Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Inside Information Provisions (as defined under the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

IMPORTANT NOTICE:

- In order to meet the needs of business development and to promote equity diversification and a market-oriented governance structure, Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.* (北京天海氫能裝備有限公司) (“**Tianhai Hydrogen**”), a wholly-owned subsidiary of the Company, intends to increase its capital by share issuance to investors introduced through public tender (the “**Capital Increase**”). Upon the completion of the Capital Increase, Tianhai Hydrogen will remain a controlled subsidiary of the Company, which will not lead to any change in the scope of the Company’s consolidated financial statements. The final transaction result of the Capital Increase will be determined based on the actual situation of the public solicitation of investors on the China Beijing Equity Exchange.
- The parties to the Capital Increase, the amount of the Capital Increase and the final shareholding of the Capital Increase, among others, are yet to be determined and it is yet to be determined whether the Capital Increase will constitute a related-party transaction. The Capital Increase will not constitute a major asset reorganization.

- The Capital Increase has been considered and approved at the thirteenth extraordinary meeting of the eleventh session of the board of directors and the twentieth meeting of the eleventh session of the supervisory committee of the Company.
- Risk warning: The Capital Increase is subject to the confirmation of market-oriented investors through public tender on the China Beijing Equity Exchange. There is a risk that no potential investors will be solicited during the tender period of the Capital Increase. There are uncertainties as to the successful implementation of the Capital Increase and the transaction result. Investors are advised to pay attention to the investment risks.

I. OVERVIEW OF THE CAPITAL INCREASE

In order to meet the needs of business development and to promote equity diversification and a market-oriented governance structure, Tianhai Hydrogen, a wholly-owned subsidiary of the Company, intends to increase its capital by share issuance to investors introduced through public tender on the China Beijing Equity Exchange. The price of the Capital Increase shall be no less than the filed appraised value and the amount of the Capital Increase shall not exceed RMB300 million.

The price of the Capital Increase is based on the appraised value of Tianhai Hydrogen as set out in the “Valuation Report on the Entire Shareholders’ Equity Interest in Beijing Tianhai Hydrogen Energy Equipment Co., Ltd. in relation to the Proposed Capital Increase of Beijing Tianhai Hydrogen Energy Equipment Co., Ltd., a Wholly-owned Subsidiary of Beijing Tianhai Industry Co., Ltd., by Introducing External Investors” (Tian Xing Bao Zi [2025] No. 0029) issued by Beijing Pan-China Assets Appraisal Co. Ltd.* (北京天健興業資產評估有限公司). Considering the prevailing condition of the industry and the Company’s development stage, the amount of the Capital Increase is determined to be no more than RMB300 million. Based on the appraised value of the equity interest in Tianhai Hydrogen of no less than RMB806 million, upon the completion of the Capital Increase, the shareholding of Beijing Tianhai Industry Co., Ltd. (“**Tianhai Industry**”), a wholly-owned subsidiary of the Company, in Tianhai Hydrogen will be no less than 70%. Tianhai Hydrogen will remain a controlled subsidiary of the Company, which will not lead to any change in the scope of the Company’s consolidated financial statements. The final price will be determined based on the transaction result of the public tender on the China Beijing Equity Exchange.

The Capital Increase has been considered and approved at the thirteenth extraordinary meeting of the eleventh session of the board of directors and the twentieth meeting of the eleventh session of the supervisory committee of the Company. The parties to the Capital Increase, the amount of the Capital Increase and the final shareholding of the Capital Increase, among others, are yet to be determined and it is yet to be determined whether the Capital Increase will constitute a related-party transaction. The Capital Increase will not constitute a major asset reorganization as defined in the “Administrative Measures for the Major Asset Reorganization of Listed Companies”* (《上市公司重大資產重組管理辦法》). The Capital Increase will be conducted by introducing investors through public tender on the China Beijing Equity Exchange. There are uncertainties as to the parties to the Capital Increase and the final amount of the Capital Increase.

II. BASIC PROFILE OF THE TARGET OF THE CAPITAL INCREASE

(1) Basic information

Company name:	Beijing Tianhai Hydrogen Energy Equipment Co., Ltd.* (北京天海氢能装备有限公司)
Unified Social Credit Code:	91110112102485061D
Date of establishment:	24 May 1993
Registered address:	101, 2nd Floor, Block No. 2, Compound No. 1, Nansi Street, Huoxian Town, Tongzhou District, Beijing
Legal representative:	Wang Lei
Registered capital:	RMB360 million
Type of company:	Limited liability company (sole proprietorship)
Business scope:	General projects: manufacturing of special equipment for environmental protection; manufacturing of general equipment (excluding the manufacturing of special equipment); repair of daily products; import and export of goods; wholesale of automobile parts; manufacturing of high-performance fibers and composite materials; sales of hydrogen refueling and storage facilities; manufacturing of hydraulic and pneumatic sealing components and systems; technical services, technical development, technical consultation, technical exchange, technology transfer, and technology promotion; research and development of carbon fiber recycling technology. (Except for projects that require approval in accordance with the law, the company may carry out business activities independently with its business license(s) in accordance with the law.) Licensed projects: design of special equipment; production of road motor vehicles; operation of gas vehicle refueling stations. (For projects that require approval in accordance with the law, approval must be obtained from the relevant authorities before business activities can be carried out. The specific business projects shall be subject to the approvals or permits issued by the relevant authorities.) (Business activities related to projects prohibited and restricted by national and municipal industrial policies shall not be carried out.)
Shareholding structure:	The Company holds 100% equity interest in Tianhai Hydrogen through Tianhai Industry, a wholly-owned subsidiary of the Company.

(2) Key financial information of the target of the Capital Increase

According to the audit by WUYIGE Certified Public Accountants LLP, as at 31 December 2024, Tianhai Hydrogen recorded operating revenue of RMB337,524,700, a loss of RMB2,096,000 in net profit, total assets of RMB807,399,400, and total liabilities of RMB419,113,900.

(3) Details of the valuation

Beijing Pan-China Assets Appraisal Co. Ltd., which was engaged by Tianhai Industry and Tianhai Hydrogen to appraise the value of the entire shareholders' equity interest in Tianhai Hydrogen, issued the "Valuation Report on the Entire Shareholders' Equity Interest in Beijing Tianhai Hydrogen Energy Equipment Co., Ltd. in relation to the Proposed Capital Increase of Beijing Tianhai Hydrogen Energy Equipment Co., Ltd., a Wholly-owned Subsidiary of Beijing Tianhai Industry Co., Ltd., by Introducing External Investors". Details of the valuation of the entire shareholders' equity interest in Tianhai Hydrogen are as follows:

- (1) Valuation Target: the value of the entire shareholders' equity interest in Tianhai Hydrogen on the valuation benchmark date
- (2) Valuation benchmark date: 31 December 2024
- (3) Valuation methods: market approach and asset-based approach
- (4) Valuation conclusion:

In this valuation, the appraisers used the market approach and the asset-based approach to appraise the valuation target. After analysis, the results based on the market approach were selected as the valuation conclusion.

Based on the market approach, the appraised value of the entire shareholders' equity interest in Tianhai Hydrogen was RMB806 million, representing an appreciation of RMB429,675,500 over the book value, with an appreciation rate of 114.18%.

III. MAIN CONTENTS OF THE CAPITAL INCREASE

(1) Method for the Capital Increase

The Capital Increase will be conducted by introducing investors through public tender on the China Beijing Equity Exchange. The parties to the Capital Increase, the amount of the Capital Increase and the final shareholding of the Capital Increase, among others, are yet to be determined and it is yet to be determined whether the Capital Increase will constitute a related-party transaction. The Company will disclose the parties to the Capital Increase and related follow-up developments in a timely manner based on the progress of the public tender.

(2) Pricing basis for the Capital Increase

The Capital Increase is based on the appraised value of 100% equity interest in Tianhai Hydrogen of RMB806 million. The price of the Capital Increase shall be no less than the filed appraised value. The final price will be determined based on the transaction result of the public tender on the China Beijing Equity Exchange. The pricing basis for the Capital Increase is fair and reasonable and there is no circumstance where the interests of the Company and its shareholders as a whole are prejudiced.

(3) The shareholding structure of Tianhai Hydrogen before and after the Capital Increase by introducing investors

Prior to the implementation of the Capital Increase, the Company indirectly held the entire equity interest in Tianhai Hydrogen through Tianhai Industry, a wholly-owned subsidiary of the Company. If the Capital Increase is successfully implemented, the shareholding of Tianhai Industry in Tianhai Hydrogen will be no less than 70%. Tianhai Hydrogen will remain a controlled subsidiary of the Company, which will not lead to any change in the scope of the Company's consolidated financial statements.

IV. IMPACT OF THE CAPITAL INCREASE ON THE COMPANY

The Capital Increase will enhance the Company's competitiveness, optimize its capital structure, and is in the interests of its shareholders as a whole.

Upon the completion of the Capital Increase, Tianhai Hydrogen will remain a controlled subsidiary of the Company, which will not lead to any change in the scope of the Company's consolidated financial statements.

V. APPROVAL PROCEDURES FOR THE CAPITAL INCREASE

The strategy committee of the board of directors of the Company convened a meeting to consider and approve the Capital Increase and agreed to submit the resolution to the board of directors of the Company for consideration.

The “Resolution in relation to the Capital Increase of a Wholly-owned Subsidiary of the Company” was considered and approved at the thirteenth extraordinary meeting of the eleventh session of the board of directors and the twentieth meeting of the eleventh session of the supervisory committee of the Company.

VI. RISK WARNING

The Capital Increase is subject to the confirmation of market-oriented investors through a public tender on the China Beijing Equity Exchange. There is a risk that no potential investors will be solicited during the tender period of the Capital Increase. There are uncertainties as to the successful implementation of the Capital Increase and the transaction result. Investors are advised to pay attention to the investment risks.

The board of directors of the Company wishes to emphasize that as at the date of this announcement, no binding agreement in relation to the Capital Increase has been entered into by Tianhai Hydrogen. The Company will make further announcement(s) in compliance with the Hong Kong Listing Rules and/or Part XIVA of the SFO as and when appropriate.

As the Capital Increase may or may not materialize, shareholders of the Company and/or potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Beijing, the PRC
23 June 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Jiheng as an executive director, Mr. Li Junjie, Mr. Wang Kai, Mr. Zhou Yongjun, Mr. Zhao Xihua, 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.

* For identification purposes only