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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 RE-SIGNING OF THE “TRIPARTITE CUSTODY AGREEMENT FOR THE DESIGNATED ACCOUNT FOR THE DEPOSIT OF RAISED FUNDS” AFTER THE CHANGE IN SPONSOR

The board of directors and all directors of the Company 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 the contents herein contained.

References are made to the circular dated 19 January 2021 (the “**Circular**”) and the subsequent announcements and the circular dated 7 February 2022 issued by Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) in relation to, among others, the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds. Unless stated otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Circular.

The Company published the “Announcement in relation to the Change in Continuing Supervisory Institution and Sponsor Representative” on 17 January 2023. The Company appointed CSC Financial Co., Ltd. (“**CSC Financial**”) as the sponsor for the current Non-public Issuance of A shares and CSC Financial is specifically responsible for the sponsorship work of the non-public issuance and the ongoing supervisory work after the listing. The outstanding ongoing supervisory work of Zhong De Securities Company Limited, the sponsor of the previous non-public issuance, will be undertaken by CSC Financial.

In view of the change in the Company’s sponsor, in order to further regulate the management of the Company’s raised fund and safeguard the interests of the investors, in accordance with the laws and regulations such as the “No. 2 Regulatory Guidance for Listed Companies – Regulatory Requirements for Management and Use of Raised Funds of Listed Companies (2022 Amendment)”, the “Guidelines of the Shanghai Stock Exchange for Self-discipline Supervision of Listed Companies No. 1 – Standardized Operations” and the relevant provisions of the “Articles of Association” and the “Management System

on Raised Funds of the Company”, the Company, CSC Financial (the sponsor) and Beijing Guanghai sub-branch of Hua Xia Bank Co., Limited (“**Beijing Guanghai sub-branch of Hua Xia Bank**”) entered into the “Tripartite Custody Agreement for the Designated Account for the Deposit of Raised Fund” (the “**Tripartite Agreement**”) on 20 April 2023. The relevant information is announced as follows:

I. Basic information of the raised funds

According to the “Approval in relation to the Non-public Issuance of Shares by Beijing Jingcheng Machinery Electric Company Limited” (Zheng Jian Xu Ke [2019] No. 2551) issued by the China Securities Regulatory Commission on 27 November 2019, the non-public issuance of not more than 84,400,000 (inclusive) new shares by the Company was approved.

The actual non-public issuance of RMB ordinary shares (A shares) by the Company was 63,000,000 shares, at the issue price of RMB3.41/share, raising total fund proceeds of RMB214,830,000, which after the deduction of various issuance expenses of RMB7,524,599.36 (tax inclusive), the actual net proceeds of raised funds amounted to RMB207,305,400.64. As at 30 June 2020, the net proceeds of raised funds have all been received, and have been verified by ShineWing Certified Public Accountants (Special General Partnership) with the “Capital Verification Report” No. XYZH/2020BJA40505 being issued on 2 July 2020. For details, please refer to the “Announcement on Results of Non-public Issuance and Changes in Shares” on Shanghai Securities News, the website of the Shanghai Stock Exchange (www.sse.com.cn) and the “Completion of the Non-Public Issuance of A Shares” announcement on the website of the Hong Kong Exchange news (www.hkexnews.hk) published by the Company on 10 July 2020.

II. Information of the entering into of the “Tripartite Agreement” and the setting up of the designated accounts for raised funds

On 20 April 2023, the Company, CSC Financial (the sponsor) and Beijing Guanghai sub-branch of Hua Xia Bank have signed the “Tripartite Agreement”, which specifies the rights and obligations of each party. There is no material difference between the “Tripartite Agreement” and the “Tripartite Custody Agreement for the Designated Accounts for the Deposit of Raised Funds (Template)” formulated by the Shanghai Stock Exchange.

As at 17 January 2023, the status of the deposit of funds raised in the designated account for funds raised by the Company was as follows:

No.	Bank	Bank account number	Purpose of the designated account	Amount of raised funds in the designated account (RMB0'000)
1	Beijing Guanghai sub-branch of Hua Xia Bank	10262000000869924	Research and development project of hydrogen energy products	1,972.519257

III. The main contents of the “Tripartite Agreement”

Party A: the Company, Beijing Tianhai Industry Co., Ltd. (“**Party A**”)

Party B: Beijing Guanghai sub-branch of Hua Xia Bank (“**Party B**”)

Party C: CSC Financial (“**Party C**”)

In order to regulate the management of the raised funds of Party A, and to protect the interests of the investors, in accordance with the relevant laws and regulations, and the “Rules Governing the Listing of Stocks on Shanghai Stock Exchange”, the “Guidelines of the Shanghai Stock Exchange for Self-discipline Supervision of Listed Companies No. 1 – Standardized Operations” and other regulatory documents, as well as the relevant requirements of Party A’s management system on raised funds, Party A, Party B and Party C have reached the following agreement after negotiation:

1. Party A has set up a designated account for the raised funds with Party B (the “**Designated Account**”) with the account number of 10262000000869924 , and the balance of the Designated Account as at 17 January 2023 was RMB19,725,192.57. The Designated Account shall only be used for the deposit and use of the proceeds of project raised funds for the research and development project of the hydrogen energy products of Party A, and shall not be used for any other purposes.

Within the Designated Account, Party A may deposit part of the funds in the Designated Account in the form of certificates of deposit or other reasonable deposits methods according to actual needs. Party A shall inform Party C in a timely manner of the specific amount of funds deposited in the form of certificates of deposit or other reasonable deposits methods, the method of deposit, the period of deposit, etc.. The funds deposited by way of the abovementioned certificates of deposit or other reasonable deposits methods shall not be pledged and shall not be transferable. Party A shall not withdraw funds directly from the abovementioned certificates of deposit or other reasonable deposits methods.

2. Party A and Party B shall jointly comply with the laws, regulations and rules including, the “Negotiable Instruments Law of the People’s Republic of China”* (《中華人民共和國票據法》), the “Measures for Payment and Settlement”* (《支付結算辦法》) and the “Administrative Measures for Renminbi Bank Settlement Accounts”* (《人民幣銀行結算賬戶管理辦法》).
3. Party C, being the sponsor/financial adviser of Party A, shall designate sponsor representative(s)/organiser or other personnel to monitor the use of raised funds by Party A pursuant to the related provisions.

Party C undertakes to fulfil the sponsor’s duties and carry out continuous supervision in respect of Party A’s management of the raised funds pursuant to the “Measures for the Administration of the Sponsorship of Securities Offering and Listing”* (《證券發行上市保薦業務管理辦法》), the “Guidelines of the Shanghai Stock Exchange for Self-discipline Supervision of Listed Companies No. 1 – Standardized Operations”* (《上海證券交易所上市公司自律監管指引第1號—規範運作》) as well as the management system on raised funds formulated by Party A.

Party C may exercise its supervisory power through on-site inspections and written inquiries etc.. Party A and Party B shall cooperate with Party C during the inspections and inquiries. Party C shall conduct on-site inspection on the deposit and use of the raised funds by Party A at least once every half year.

4. As authorized by Party A, Lu Xingyu and Li Xiaoyan, being the sponsor representatives/organizers designated by Party C, may visit Party B anytime to inquire and copy information in relation to the Designated Account of Party A. Party B shall provide them with the information in relation to the Designated Account as required in a timely, accurate and complete manner.

The sponsor representative(s)/organizer(s) shall present his/her legal identity proof when inquiring Party B on the information in relation to the Designated Account of Party A. Other personnel designated by Party C shall present his/her legal identity proof and unit referral letter when inquiring Party B on the information in relation to the Designated Account of Party A.

5. Party B shall issue true, accurate and complete account statements of the Designated Account to Party A and forward a copy to Party C on a monthly basis (prior to the 10th day of each month).
6. Where Party A, once or accumulatively within 12 months, withdraws an amount of more than RMB50 million from the Designated Account and such amount reaches 20% of the net raised funds (total raised funds deducted by the issuance expenses) (the “**Net Raised Funds**”), Party A shall notify Party C by way of facsimile and/or mail and provide a list of withdrawals of the Designated Account in a timely manner.

7. Party C shall have the right to replace the designated sponsor representative(s)/organizer(s) pursuant to relevant provisions. Where Party C replaces the sponsor representative(s)/organizer(s), it shall notify Party A and Party B in writing with the relevant supporting documents, and notify Party A and Party B in writing the contact details of the sponsor representative(s)/organizer(s) after the replacement. The replacement of sponsor representative(s)/organizer(s) shall not affect the validity of the “Tripartite Agreement”. The authority of Party A over the sponsor representative(s)/organizer(s) of Party C as stipulated in the “Tripartite Agreement” shall be succeeded by the sponsor representative(s)/organizer(s) after the replacement.
8. Where Party B fails to issue the account statements to Party A on three consecutive occasions or fails to cooperate with Party C during its inspections on the Designated Account, Party A may, on its own initiative or unilaterally terminate the “Tripartite Agreement” and close the Designated Account at the request of Party C.
9. If Party C is aware of any failure of Party A and Party B in the performance of the “Tripartite Agreement”, it shall report in writing to the Shanghai Stock Exchange in a timely manner after becoming aware of the relevant facts.
10. Any party to the “Tripartite Agreement” who is in breach of the “Tripartite Agreement” shall assume the liability for the breach of agreement to the non-defaulting party and be liable to compensate the non-defaulting party for the losses suffered therefrom.
11. The “Tripartite Agreement” shall be effective from the date on which the legal representatives or their authorized representatives of Party A, Party B and Party C have signed and affixed their respective official seal or dedicated contract seal, and shall lapse upon the complete withdrawal of the funds from and the closing of the Designated Account in accordance with the laws or upon agreement of the three parties to terminate the “Tripartite Agreement” and on the date of cancellation of the account.

For and on behalf of the Board
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
20 April 2023

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, Mr. Wu Yanzhang, Mr. Xia Zhonghua, Mr. Man Huiyong and Ms. Li Chunzhi as non-executive directors, and Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive directors.

* *For identification purposes only*