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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)

CONTINUING CONNECTED TRANSACTION

IN RELATION TO

ASSET MANAGEMENT COMPANY PROPERTY LEASE AGREEMENT

The Board wishes to announce that on 26 June 2014, the Asset Management Company Property Lease Agreement was entered into between Asset Management Company as lessor and the Company as lessee.

As at the date of this announcement, Jingcheng Holding is a controlling shareholder of the Company holding approximately 47.78% interest in the Company. Asset Management Company is a direct wholly-owned subsidiary of Jingcheng Holding. Accordingly, Asset Management Company is a connected person of the Company under Chapter 14A of the Listing Rules. Since the Asset Management Company Property Lease Agreement shall be carried out on a continuing basis and are expected to extend over a period of time, such agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

With reference to the announcement of the Company dated 3 March 2014 in relation to the continuing connected transactions, it was announced that on the basis that the transactions under the Xihai Property Lease Agreement and Asset Management Company Plant and Equipment Lease Agreement involved leasing of properties from the subsidiaries of Jingcheng Holding to the Group, the transactions under the Xihai Property Lease Agreement and Asset Management Company Plant and Equipment Lease Agreement were aggregated pursuant to Rule 14A.25 of the Listing Rules. Since the Asset Management Company Property Lease Agreement also involves leasing of a property from a subsidiary of Jingcheng Holding to the Group, the transactions under the Xihai Property Lease Agreement and Asset Management Company Plant and Equipment Lease Agreement and the Asset Management Company Property Lease Agreement would be aggregated pursuant to Rule 14A.25 of the Listing Rules.

As the relevant applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Asset Management Company Property Lease Agreement and the Xihai Property Lease Agreement and Asset Management Company Plant and Equipment Lease Agreement on an annual aggregate basis exceed 0.1% but do not exceed 5%, the Asset Management Company Property Lease Agreement is only subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

ASSET MANAGEMENT COMPANY PROPERTY LEASE AGREEMENT

Date:

26 June 2014

Parties:

- (1) Asset Management Company as lessor
- (2) the Company as lessee

Term:

A term of one year commencing from 1 June 2014 to 31 May 2015.

Premises:

A property located at 3rd, 4th and 5th floor, No. 25 Panjiayuan Dongli, Chaoyang District, Beijing, with a total gross area of 2,261.34 sq.m..

Rental:

The annual rental is RMB1,815,856.02, which is calculated according to the total gross floor area of 2,261.34 sq.m. and rental of RMB2.2/sq.m. per day.

The annual rental was determined after arm's length negotiation between Asset Management Company and the Company with reference to the prevailing market rates of similar buildings in the vicinity.

Rental Payment:

The annual rental of RMB1,815,856.02 will be payable within 5 working days after the date of execution of the Asset Management Company Property Lease Agreement by cheque or telegraphic transfer.

Annual caps and basis of determination

	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2015
Annual Caps	RMB907,928.04	RMB907,927.98

The Asset Management Company Property Lease Agreement is a new agreement. The abovementioned annual caps were determined based on the expected annual rental to be received for each the financial years from 1 June 2014 to 31 May 2015 under the Asset Management Company Property Lease Agreement.

The following table sets forth the aggregated annual caps for the Asset Management Company Property Lease Agreement, Xihai Property Lease Agreement and Asset Management Company Plant and Equipment Lease Agreement for each of the financial years ending 31 December 2014, 31 December 2015 and 31 December 2016 and their respective breakdowns:

	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2015	1 January 2016 to 31 December 2016
Annual caps for the transactions contemplated under Asset Management Company Property Lease Agreement	RMB907,928.04	RMB907,927.87	Not applicable
Annual caps for the transactions contemplated under the Xihai Property Lease Agreement	RMB1,202,857.50	RMB1,202,857.50	Not applicable
Annual caps for the transactions contemplated under the Asset Management Company Plant and Equipment Lease Agreement	RMB680,000	RMB680,000	RMB680,000
Aggregated annual caps	RMB2,790,785.54	RMB2,790,785.37	RMB680,000

Reasons for and benefits of entering into the Asset Management Company Property Lease Agreement

The property of Asset Management Company rented by the Company is located in No. 25 Panjiayuan Dongli, Chaoyang District, Beijing, with reasonable location and suitable rent. The Directors (including the independent non-executive Directors) consider that the transactions under the Asset Management Company Property Lease Agreement will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and both the relevant transactions and the annual caps as set out above are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors had material interest in the Asset Management Company Property Lease Agreement. However, in view of good corporate governance practices, Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua, being directors nominated by Jingcheng Holding, had all abstained from voting in the relevant Board resolutions approving the Asset Management Company Property Lease Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Jingcheng Holding is a controlling shareholder of the Company holding approximately 47.78% interest in the Company. Asset Management Company is a direct wholly-owned subsidiary of Jingcheng Holding. Accordingly, Asset Management Company is a connected person of the Company under Chapter 14A of the Listing Rules. Since the Asset Management Company Property Lease Agreement shall be carried out on a continuing basis and are expected to extend over a period of time, such agreement constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

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GENERAL

The Company is principally engaged in research and development, manufacture and sale of compressed gas cylinders, gas compressors and related equipment.

Asset Management Company is principally engaged in asset management, property management, investment management, lease of property, provision of public car park services, technology development, technical training, technical services, economic information consulting, design, production, agency and placing of advertisements, provision of conference service, exhibition service and office service, design and maintenance of machinery and equipment and sales of machinery and equipment, computer, household goods, metallic products, construction materials, handicrafts and auto parts.

Jingcheng Holding is an enterprise in the equipment manufacturing industry. Its main business segments include digitally-controlled machine tool segment, gas storage and transportation segment, printing machinery segment, environmental protection business segment, engineering machinery segment, thermal power generation segment, new energy segment, switch business segment, wire and cable segment, electrical and mechanical business segment, logistics business segment and lease financing business

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meaning set out below:–

“Asset Management Company”	北京京城機電資產管理有限責任公司 (Beijing Jingcheng Electric Management Co., Ltd.), a company incorporated in the PRC and is 100% owned by Jingcheng Holding
“Asset Management Company Plant and Equipment Lease Agreement”	the agreement (廠房及設備租賃合同) entered into between Asset Management Company and Tianhai Industrial dated 3 March 2014, particulars of which are set out in the section headed “Asset Management Company Plant and Equipment Lease Agreement” of the announcement of the Company dated 3 March 2014 in relation to the continuing connected transactions
“Asset Management Company Property Lease Agreement”	the agreement (房屋租賃合同) entered into between Asset Management Company and the Company dated 26 June 2014, particulars of which are set out in the section headed “Asset Management Company Property Lease Agreement”
“Board”	the board of Directors of the Company
“Company”	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 PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchanges
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Jingcheng Holding”	北京京城機電控股有限責任公司 (Beijing Jingcheng Machinery Electric Holding Co., Ltd.), a company incorporated in the PRC and holding 47.78% interest in the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xihai Trade”	北京西海工貿公司 (Beijing Xihai Trade Co., Ltd.), a company incorporated in the PRC with limited liability and is 100% owned by Jingcheng Holding
“Xihai Property Lease Agreement”	the agreement (房屋租賃合同) entered into between the Beijing Xihai Trade and Jingcheng Compressor dated 3 March 2014, particulars of which are set out in the section headed “Xihai Property Lease Agreement” of the announcement of the Company dated 3 March 2014 in relation to the continuing connected transactions

For and on behalf of the Board
Beijing Jingcheng Machinery Electric Company Limited
Hu Chuanzhong
Chairman

Beijing, the PRC, 26 June 2014

As at the date of this announcement, the Board comprises Mr. Hu Chuanzhong, Mr. Li Junjie, Mr. Wu Yanzhang, and Ms. Jiang Chi as executive directors, Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.