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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 APPLICATION FOR THE CANCELLATION OF THE
DELISTING RISK WARNING ON THE A SHARES OF THE COMPANY**

The board of directors of the Company and all members of the board 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.

Important notice:

The Shanghai Stock Exchange will determine whether to cancel the implementation of delisting risk warning to the A shares of Beijing Jingcheng Machinery Electric Company Limited (the "Company") according to the actual situation within five trading days after receiving the application of the Company.

During the vetting period by the Shanghai Stock Exchange, the Company will not apply for suspension in the trading of Company's A shares. A shares (600860) and H shares (0187) will trade normally.

I. The Company's A shares are subject to delisting risk warning

Since the net profit of the Company recorded negative values for two consecutive financial years in 2015 and 2016, pursuant to the requirement under Rule 13.2.1(1) of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "Listing Rules of Shanghai Stock Exchange"), the Shanghai Stock Exchange imposed delisting risk warning on the Company's A shares starting from 21 March 2017.

II. The audited financial report of the Company for the year 2017

Pursuant to the standard unqualified audit report for the year 2017 (XYZH/2018BJA30017) issued by Shinewing Certified Public Accountants LLP: as of 31 December 2017, the Company recorded net assets attributable to the shareholders of listed company of RMB588,375,286.55; operating income of RMB1,203,496,955.02 and net profits attributable to the shareholders of listed company of RMB20,868,364.01.

III. Application for cancellation of delisting risk warning by the Company

Pursuant to the relevant requirements under Rule 13.2.14 of the Listing Rules of Shanghai Stock Exchange, indices including audited net profit, net asset and operating income of the Company as set out in the Company's annual report for the year 2017 did not trigger the conditions of the delisting risk warning nor other conditions subject to delisting risk warning.

In addition, the financial and accounting reports of the Company do not contain material accounting errors or false information, it is not ordered by the China Securities Regulatory Commission for corrections. The Company is not subject to events that may cause it to be dissolved. The Company does not have corporate restructuring, settlement or bankruptcy or liquidation nor shareholding distribution that does not meet the listing conditions.

At present, production and operation activities of the Company run normally. The production and operation activities are not materially affected, the major bank accounts are not frozen, there are no situation which board meetings cannot be convened regularly and form resolutions, there are no non-operating appropriation of funds among the controlling shareholder and its associates, and external guarantee provided does not violate prescribed procedures.

In view of the above reasons, the Resolution of Application for Cancellation of the Delisting Risk Warning to the Shanghai Stock Exchange was considered and approved at the third meeting of the ninth session of the board of directors of the Company (the "Board"). On 26 March 2018, the Company has applied to the Shanghai Stock Exchange for cancellation of the delisting risk warning imposed on the Company's A shares. During the period of vetting by the Shanghai Stock Exchange for deciding whether to cancel the delisting risk warning imposed on the Company's A Shares, the Company will not apply for suspension in the trading of Company's A shares. A shares (600860) and H shares (0187) will trade normally.

The Company will perform obligations of disclosure in a timely manner according to the progress of the application matter. The Company's designated media for information disclosure are the website of the Shanghai Stock Exchange (www.sse.com.cn), Shanghai Securities News and the website of HKExnews of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). Investors are advised to pay attention to the investment risks.

By Order of the Board

Beijing Jingcheng Machinery Electric Company Limited

Luan Jie

Company Secretary

Beijing, the PRC
26 March 2018

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, Ms. Jin Chunyu, Mr. Du Yuexi, Mr. Xia Zhonghua and Ms. Li Chunzhi as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.