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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 RESULTS OF  
INITIAL GRANT OF RESTRICTED SHARES UNDER THE  
2023 RESTRICTED SHARE INCENTIVE SCHEME**

**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 legal responsibilities for the truthfulness, accuracy and completeness of the contents herein.**

**Important notes:**

Date of registration of Restricted Shares: 28 December 2023

Number of Restricted Shares registered: 5,400,000 shares

Reference is made to the announcement dated 14 November 2023 (the “**Announcement**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) in relation to the Initial Grant of Restricted Shares to the Participants under the Restricted Share Incentive Scheme. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

Pursuant to the Management Measures for Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》) (the “**Management Measures**”), regulations regarding business rules of Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (“**CSDC**”), the Company has received the Certificate of Change in Registration of Securities issued by CSDC on 28 December 2023. According to the Certificate of Change in Registration of Securities, the Company has completed the registration of Initial Grant of Restricted Shares under the 2023 Restricted Share Incentive Scheme (the “**Incentive Scheme**”). The relevant information is announced below:

## **I. GRANT OF THE RESTRICTED SHARES**

### **(I) Condition of the Initial Grant of the Restricted Shares**

Pursuant to the authorization at the 2023 first EGM, 2023 first A Shares Class Meeting and 2023 first H Shares Class Meeting of the Company, 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 on 14 November 2023, and considered and approved the Resolution on Adjustment of Matters relating to the 2023 Restricted Share Incentive Scheme and Resolution on the Initial Grant of Restricted Shares to the Participants under the 2023 Restricted Share Incentive Scheme. The independent non-executive Directors of the Company expressed their independent opinions on the relevant matters, the Supervisory Committee reviewed the list of Participants for the grant and issued verification opinions, and the lawyers issued their legal opinions.

Information on the Restricted Shares actually granted under the Incentive Scheme is as follows:

1. The Initial Grant Date: 14 November 2023
2. Number of Restricted Shares under the Initial Grant: 5,400,000 shares
3. Number of Participants for the Initial Grant: 115
4. The Initial Grant Price: RMB7.33 per share
5. Source of shares: The ordinary A Shares of the Company issued by the Company to the Participants
6. Explanation on the difference between the actual number of Restricted Shares granted and the proposed number of Restricted Shares to be granted

In the process of payment verification after the Grant Date, 8 Participants, due to personal reasons, voluntarily waived their subscription for all the Restricted Shares to be granted, and 4 Participants, due to personal reasons, voluntarily waived their subscription for part of the Restricted Shares to be granted, totaling 480,000 shares. The actual number of Participants for the Initial Grant of the Company was 115, and the number of Restricted Shares actually granted under the Initial Grant was 5,400,000 shares. As the reduction in the number of shares actually granted under the Initial Grant resulted in the reserved portion exceeding 20% of the total proportion of the Incentive Scheme, the number of shares of the reserved portion was simultaneously reduced from 1,470,000 shares to 1,350,000 shares, and the total number of shares granted was adjusted from 7,350,000 shares to 6,750,000 shares.

Save for the aforementioned adjustments, the conditions of the Restricted Shares which have completed registration are identical to the Resolution on the Initial Grant of Restricted Shares to the Participants under the 2023 Restricted Share Incentive Scheme announced by the Company without other adjustments.

## (2) List of Participants and details of the grant

No.	Name	Position	Incentive amount (’0,000 shares)	Percentage of the total number granted (%)	Percentage of the total share capital (%)
1	Zhang Jiheng	Executive Director, General Manager	15.00	2.02	0.03
2	Shi Fengwen	Chief Engineer	10.00	1.48	0.02
3	Feng Yongmei	Chief Finance Officer	10.00	1.48	0.02
4	Li Xianzhe	Chief Legal Adviser	10.00	1.48	0.02
5	Luan Jie	Secretary to the Board	10.00	1.48	0.02
Other core staff (110 persons)			485.00	71.85	0.89
Total Initial Grant (115 persons)			540.00	80.00	1.00
Reserved Grant (30 persons)			135.00	20.00	0.24
<b>Total (145 persons)</b>			<b>675.00</b>	<b>100.00</b>	<b>1.24</b>

### Notes:

- (1) None of the Participants under the Incentive Scheme has participated in the share incentive schemes of two or more listed companies. None of the Participants is a substantial Shareholder holding more than 5% of the equity interest in the Company or the actual controller and their spouses, parents and children;
- (2) None of the abovementioned Participants has been granted more than 1% of the total share capital of the Company through all valid share incentive schemes. None of the abovementioned Participants has been granted more than 1% of the Company’s issued ordinary A Shares in the past 12 months as of the date of approval of the Incentive Scheme. The total number of the underlying shares covered by all of the Company’s valid incentive schemes does not exceed, in aggregate, 10% of the Company’s issued ordinary A Shares prior to the date of submission of the Incentive Scheme to the Shareholders for consideration at the general meeting;
- (3) The value of the interests granted to the Directors and senior management personnel shall be determined at the level of no more than 40% of the total remuneration (including the value of interests granted) at the time of grant, and the value of the interests granted to other Participants such as the key personnel in management, technology and business shall be determined reasonably by the Board of the Company. If relevant policies are adjusted within the effective term of the Restricted Share Incentive Scheme, the Board may revise such provision in accordance with the adjustments stipulated by relevant authorities;
- (4) The total number of shares issued and to be issued upon granting of interests to any of the Participants in the past 12 months does not exceed 0.1% of the total issued ordinary A Shares of the Company prior to the date of submission of the Incentive Scheme to the Shareholders for consideration at the general meeting;
- (5) Differences, if any, between the sum of the above figures and the sum of the breakdown of figures are due to rounding.

## II. TERM, LOCK-UP PERIOD AND UNLOCKING ARRANGEMENTS OF RESTRICTED SHARES

### (I) Term

The term of the Incentive Scheme is from the date of approval at the EGM to the date of unlocking all Restricted Shares granted to the Participants or the date of repurchase, and the maximum period shall not exceed 72 months.

## (II) Lock-up Period and Unlocking Arrangement

The Lock-up Period for the Restricted Shares granted to the Participants of the Incentive Scheme is 24 months from the Grant Date of the Restricted Shares to the Participants. During the Lock-up Period, the Restricted Shares granted to the Participants under the Incentive Scheme are restricted from sale, and cannot be transferred, used as security or for repaying debts. The shares acquired by the Participants as a result of the capitalization of capital reserve, distribution of share dividends and sub-division of shares, etc. as a result of the grant of Restricted Shares which have not been released from restriction are also subject to lock-up under the Incentive Scheme. After the release of the lock-up restriction, the Company will unlock the Restricted Shares for those Participants who have satisfied the Unlocking Conditions, and the Restricted Shares held by those Participants who do not satisfy the Unlocking Conditions will be repurchased by the Company.

The Unlocking Periods of the Restricted Shares under the Initial Grant of the Incentive Scheme and the unlocking schedule of each period are set out below:

<b>Unlocking arrangement</b>	<b>Unlocking schedule</b>	<b>Proportion of the Restricted Shares to be unlocked to total number of the Restricted Shares granted</b>
First Unlocking Period	Commencing from the first trading day upon the expiry of 24 months from the date of the Initial Grant to the last trading day upon the expiry of 36 months from the date of the Initial Grant	34%
Second Unlocking Period	Commencing from the first trading day upon the expiry of 36 months from the date of the Initial Grant to the last trading day upon the expiry of 48 months from the date of the Initial Grant	33%
Third Unlocking Period	Commencing from the first trading day upon the expiry of 48 months from the date of the Initial Grant to the last trading day upon the expiry of 60 months from the date of the Initial Grant	33%

After the release of the lock-up restriction, the Company will unlock the Restricted Shares for those Participants who have satisfied the Unlocking Conditions, and the Restricted Shares held by those Participants who do not satisfy the Unlocking Conditions will be repurchased by the Company.

During the Lock-up Period, the Restricted Shares granted to the Participants under the Incentive Scheme are restricted from sale, and cannot be transferred, used as security or for repaying debts. The shares acquired by the Participants as a result of the capitalization of capital reserve, distribution of share dividends and sub-division of shares, etc. as a result of the grant of Restricted Shares which have not been released from restriction are also subject to lock-up under the Incentive Scheme.

### III. CAPITAL VERIFICATION OF THE SUBSCRIPTION PROCEEDS OF RESTRICTED SHARES

According to the Capital Verification Report No. XYZH/2023BJAA3B0482 issued by ShineWing Certified Public Accountants (Special General Partnership), as at 11 December 2023, the Company has received an aggregate amount of RMB39,582,000 from 115 Participants of the 2023 Restricted Share Incentive Scheme for the subscription of 5,400,000 shares.

### IV. REGISTRATION OF RESTRICTED SHARES

5,400,000 Restricted Shares were initially granted under the Incentive Scheme. CSDC has completed the registration of the Restricted Shares under the grant, and issued to the Company the Certificate of Change in Registration of Securities. The date of registration of the Restricted Shares under the grant is 28 December 2023.

### V. IMPACT ON THE CONTROLLING SHAREHOLDER OF THE COMPANY BEFORE AND AFTER THE GRANT

Upon the completion of the registration of the grant of Restricted Shares, the total number of shares of the Company will increase from 542,265,988 Shares to 547,665,988 Shares. Before and after the grant, the shares held by Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“**Jingcheng Machinery Electric**”), the controlling shareholder and actual controller of the Company, remains unchanged while its shareholding will change due to the changes in the total number of Shares of the Company. The specific changes are shown as follows:

Name of shareholder	Before the registration of the grant		After the registration of the grant	
	Number of shares (shares)	Shareholding percentage	Number of shares (shares)	Shareholding percentage
Jingcheng Machinery Electric	245,735,052	45.32%	245,735,052	44.87%
<b>Total</b>	<b>245,735,052</b>	<b>45.32%</b>	<b>245,735,052</b>	<b>44.87%</b>

### VI. CHANGES IN SHARE CAPITAL

Securities Category	Number before the change (shares)	Change (shares)	Number after the change (shares)
Listed shares subject to trading restriction (A Share)	14,069,105	Increase by 5,400,000	19,469,105
Listed shares not subject to trading restriction (A Share)	428,196,883	–	428,196,883
H Share	100,000,000	–	100,000,000
<b>Total</b>	<b>542,265,988</b>	<b>Increase by 5,400,000</b>	<b>547,665,988</b>

## VII. IMPACT OF THE GRANT OF INTERESTS ON THE COMPANY'S FINANCIAL POSITION

The Company initially granted the Restricted Shares on 14 November 2023. Pursuant to the requirements of the PRC accounting standards, the impact of granting Restricted Shares under the Incentive Scheme on accounting cost of each period is shown in the following table:

Number of Initial Grant ('0,000 shares)	Total costs to be amortised ('0,000)	Currency: RMB Unit: '0,000				
		2023 ('0,000)	2024 ('0,000)	2025 ('0,000)	2026 ('0,000)	2027 ('0,000)
540.00	2,759.40	131.54	1,000.28	938.59	491.27	197.71

- Notes:*
1. The above outcome does not represent the final accounting cost. The actual accounting cost is related not only to the actual Grant Date, Grant Price and number of Restricted Shares granted, but also to the actual number of Restricted Shares that are valid and lapsed.
  2. Shareholders are advised to pay attention to the possible impact of amortization.
  3. Any difference in the total amount and the sum of the breakdowns above is due to rounding.
  4. The final results of the above impact on the Company's operating results will be subject to the annual audit report issued by the accounting firm.

The Company's preliminary estimate based on current information is that, without considering the stimulating effect of the Incentive Scheme on the Company's performance, the amortisation of Restricted Share expenses will have an impact on the Company's net profit for each of the years during the term of the Incentive Scheme, but the impact will not be significant. If the positive effect of the Incentive Scheme on the development of the Company is taken into account which will stimulate the motivation of the management team and the core technical team and improve the operational efficiency, the Incentive Scheme will play a positive and effective role in the improvement of the Company's long-term performance.

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

Beijing, the PRC  
29 December 2023

*As at the date of this announcement, the Board of the Company comprises Mr. Zhang Jiheng as executive Director, Mr. Li Junjie, Mr. Wu Yanzhang, Mr. Zhou Yongjun, Mr. Cheng Lei, 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.*