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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 EXPECTED LOSS
FOR THE 2021 ANNUAL RESULTS**

The board of directors (the “Board”) 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 joint and several responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

This announcement is made by Beijing Jingcheng Machinery Electric Company Limited (the “Company” or “Beijing Jingcheng”) 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).

IMPORTANT NOTICE:

1. The Company’s results are expected to record a loss of RMB22.500 million to RMB26.500 million.
2. After deducting the non-recurring profit and loss items, the Company’s results are expected to record a loss of RMB33.500 million to RMB37.500 million.

I. ESTIMATED RESULTS FOR THE PERIOD

(I) Period of estimated results

1 January 2021 to 31 December 2021.

(II) Estimated results

1. Upon the preliminary calculation by the financial department, the Company is expected to continue to record a loss in operating results of 2021 and the net profit attributable to the shareholders of the Company is approximately RMB-22.500 million to RMB-26.500 million, with the loss increasing by approximately RMB178.9318 million to RMB182.9318 million as compared to the same period of last year.
2. The net profit attributable to the shareholders of the Company after deducting the non-recurring profits and losses is approximately RMB-33.500 million to RMB-37.500 million, with the loss decreasing by approximately RMB94.0582 million to RMB90.0582 million as compared to the same period of last year.

(III) ShineWing Certified Public Accountants LLP has issued a specific explanation on whether the estimation of the Company's results for the period is appropriate and made with due care:

According to our plan for the audit of Beijing Jingcheng's 2021 annual financial statements, as of the date of issue of this special statement, we have mainly carried out the risk assessment procedures such as making inquiry, observation and analysis. As of the date of issue of this special statement, based on the audit procedures we have carried out and the audit evidence obtained, we have not found any exact evidence that the estimated financial results of Beijing Jingcheng may lead to the non-compliance of accounting standards. As the audit proceeds, we may obtain further audit evidences, which may lead to material discrepancy between this special statement and the audit opinion issued by us on the 2021 annual financial statements of the Company.

II. RESULTS FOR THE CORRESPONDING PERIOD OF LAST YEAR

1. Net profit attributable to the shareholders of the Company: RMB156.4318 million.

The net profit attributable to the shareholders of the Company after deducting the non-recurring profits and losses: RMB-127.5582 million.

2. Earnings per share: RMB0.34.

III. THE MAJOR REASONS FOR THE LOSS FOR THE PERIOD

1. This year, the international price of natural gas has risen significantly and the cost advantage of natural gas vehicles is no longer obvious. As a result, the Company's sales of LNG automobile cylinders have been affected to a certain extent.

2. The prices of the Company's major raw materials, such as steel including stainless steel and carbon fibre, fluctuated significantly, which significantly reduced the gross profit margin of the products. Although the Company has through strict control of expenses enhanced the efficiency in the use of capital and actively revitalised its idle assets, the Company has incurred losses in its main business due to the large volume of its main business and high fixed costs.
3. Although the Company's hydrogen storage cylinders and other related products have been supplied in bulk, the sales revenue from the sale of hydrogen storage cylinders and other related products currently accounts for a relatively small proportion of the Company's revenue compared to its other main products, and thus its contribution to the Company's results is limited.

IV. RISK WARNING

The Company considers that there is no material uncertainty affecting the accuracy of the estimated results.

V. OTHERS

The above estimated figures are based on preliminary calculation only. The specific and accurate financial figures will be disclosed in the audited annual report of 2021 to be formally published by the Company. Investors are advised to pay attention to the investment risks.

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

Beijing, the PRC
28 January 2022

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, Mr. Wu Yanzhang, Mr. Xia Zhonghua 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.