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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 CHANGE OF ACCOUNTING POLICIES

The board of directors (the “Board”) of Beijing Jingcheng Machinery Electric Company Limited (the “Company”) and all directors 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 implementation of the new standards will not cause any impacts on the profit or loss, total assets and net asset etc. of the Company.

I. Summary of the Change of Accounting Policies

On 9 May 2019, the Ministry of Finance amended and issued the Accounting Standards for Business Enterprises No. 7 - Exchange of Non-Monetary Assets (Cai Kuai [2019] No. 8) (《企業會計準則第7號—非貨幣性資產交換》(財會[2019]8號)), which has been effective since 10 June 2019.

On 16 May 2019, the Ministry of Finance amended and issued the Accounting Standards for Business Enterprises No. 12 - Debt Restructuring (Cai Kuai [2019] No. 9) (《企業會計準則第12號—債務重組》(財會[2019]9號)), which has been effective since 17 June 2019.

The Company has implemented the new Accounting Standards for Business Enterprises as required. The eleventh meeting of the ninth session of the Board and the thirty-first meeting of the ninth session of the Supervisory Committee were held on 27 March 2020 by the Company, at which the Resolution on the Change of Accounting Policies was considered and approved respectively. In accordance with related regulations of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association of the Company etc., the change of accounting policies is within the decision-making authority of the Board of the Company, and is not required to be submitted to the general meeting for consideration and approval.

II. Details and Effects on the Company of the Change of Accounting Policies

Pursuant to the new standards, relevant change of accounting policies does not cause significant impacts to the Company.

III. Opinions of Independent Directors and Supervisory Committee

Independent directors and the Supervisory Committee are of the view that: the change of accounting policies is reasonable and was made according to the latest accounting standards amended and issued by the Ministry of Finance, which complies with relevant regulations. By implementing the changed accounting policies, the Company's financial position and operating results can be reflected in a more objective and fair way. The change in accounting policies will not affect the Company's profit or loss as well as the interests of shareholders, especially the small and medium shareholders.

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

Beijing, the PRC
27 March 2020

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. Wu Yanzhang, 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.