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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 lease standards will not cause any effects on the profit or loss, total assets and net asset of the Company.

I. Summary of the Change of Accounting Policies

On 7 December 2018, the Ministry of Finance amended and issued the Accounting Standards for Business Enterprises No. 21 – Leases (《企業會計準則第21號—租賃》) (hereinafter the “New Lease Standard”) and required companies that are listed both domestically and overseas, and companies that are only listed overseas and adopt the International Financial Reporting Standards or the Accounting Standards for Business Enterprises for the preparation of financial statements to adopt the New Lease Standard effective from 1 January 2019. The Company has implemented the new enterprise accounting policies as required. The eighth meeting of the ninth session of the Board was held on 25 April 2019, at which the Resolution on the Change of Accounting Policies was considered and approved and accounting policies of the Company were changed in accordance with the relevant notice.

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

Pursuant to the new standards, as at 31 March 2019, the properties leased by the Company were short-term lease and low-value asset, the existing accounting method was applied, and therefore the adoption of the New Lease Standard did not cause impacts on the financial statement of the Company in general.

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
26 April 2019

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.