

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

SPECIAL NOTICE:

- The change of accounting policies is a corresponding change in accordance with the relevant provisions of the “Interpretation No. 18 of the Accounting Standards for Business Enterprises” issued by the Ministry of Finance of the People’s Republic of China (the “**Ministry of Finance**”). The change of accounting policies shall not cause significant impacts to Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”)’s financial position, results of operation and cash flow for the current and prior periods and shall have no prejudice to the interest of the Company and its shareholders as a whole, especially the minority shareholders.
- The change of accounting policies is not required to be submitted to the general meeting of the Company for consideration and approval.

I. SUMMARY OF THE CHANGE OF ACCOUNTING POLICIES

1. Reason of the change of accounting policies

On 6 December 2024, the Ministry of Finance issued the “Notice on Issuing the ‘Interpretation No. 18 of the Accounting Standards for Business Enterprises’” (Cai Kuai [2024] No. 24) (《關於印發〈企業會計準則解釋第18號〉的通知》(財會[2024]24號)), which required the “subsequent measurement of investment properties held as underlying projects under the floating fee method” and the “accounting treatment of warranties that do not fall within the category of standalone performance obligations” to be implemented from the date of issue, and enterprises are allowed to implement it in advance from the year of issuance.

2. Specific details of the change

(1) Accounting policies adopted prior to the change of accounting policies

Before the change of accounting policies, the Company implemented the “Accounting Standards for Business Enterprises – Basic Standards” (《企業會計準則 – 基本準則》) issued by the Ministry of Finance and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretation Announcement on Accounting Standards for Business Enterprises and other relevant regulations.

(2) Accounting policies adopted after the change of accounting policies

After the change of accounting policies, the Company will implement in accordance with the relevant provisions of the “Interpretation No. 18 of the Accounting Standards for Business Enterprises”. The remaining unchanged parts are still implemented in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” issued by the Ministry of Finance and various specific accounting standards, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretation Announcement on Accounting Standards for Business Enterprises and other relevant regulations.

II. EFFECTS ON THE COMPANY OF THE CHANGE OF ACCOUNTING POLICIES

1. The relevant provisions of the “subsequent measurement of investment properties held as underlying projects under the floating fee method” will not cause any impact on the financial statements of the Company.
2. The stipulation of the “accounting treatment of warranties that do not fall within the category of standalone performance obligations”: it clarifies the accounting treatment of warranties that do not fall within the category of standalone performance obligations shall be in accordance with the provisions of “Accounting Standards for Business Enterprises No. 13 – Contingencies”. The relevant amount should be included in operating costs while recognizing the estimated liability, and the estimated liability shall be presented on the basis of liquidity. On the date of

initial application, the Company adopted the retrospective adjustment method for the change of accounting policies and adjusted the presentation of relevant items in the comparative financial statements. The operating cost in the 2023 consolidated income statement increased by RMB1,152,937.84, while the selling expense therein decreased by RMB1,152,937.84.

The change of accounting policies is a corresponding change in accordance with the relevant provisions and requirements of the Ministry of Finance, and complies with the requirements of relevant laws and regulations. The implementation of the changed accounting policies can reflect the Company's financial position and operating results in an objective and fair way. The change in accounting policies shall not cause significant impacts to the Company's financial position, results of operation and cash flow and shall have no prejudice to the interest of the Company and its shareholders as a whole.

III. OPINIONS OF THE SUPERVISORY COMMITTEE REGARDING THE CHANGE OF ACCOUNTING POLICIES

The supervisory committee is of the view that: the change of accounting policies is a corresponding change in accordance with the requirements of the relevant documents of the Ministry of Finance. The implementation of the changed accounting policies can reflect the Company's financial position and operating results in a more objective and fair way. The relevant decision-making procedures of the change are in compliance with the provisions of relevant laws and regulations, regulatory documents and the "Articles of Association", and the change shall have no prejudice to the interest of the Company and its shareholders as a whole, especially the minority shareholders. Therefore, the supervisory committee agreed with the change of accounting policies of the Company.

IV. CONSIDERATION OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The audit committee of the board of directors is of the view that: the change of accounting policies is a corresponding change in accordance with the relevant provisions of the Ministry of Finance. The implementation of the changed accounting policies can reflect the Company's financial position and operating results in a more objective and fair way. The change shall have no prejudice to the interest of the Company and its shareholders as a whole, especially the minority shareholders. Therefore, the audit committee of the board of directors agreed with the change of accounting policies.

By Order of the board of directors
Beijing Jingcheng Machinery Electric Company Limited
Luan Jie
Company Secretary

Beijing, the PRC
28 March 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Jiheng as an executive director, Mr. Li Junjie, Mr. Zhou Yongjun, Mr. Man Huiyong and Ms. Li Chunzhi as non-executive directors, and Ms. Chen Junping, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive directors.