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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 2019 ANNUAL RESULTS**

The board of directors of the Company (the “**Board**”) 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.

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

I. ESTIMATED RESULTS FOR THE PERIOD

(I) Period of estimated results

1 January 2019 to 31 December 2019.

(II) Estimated results

1. Upon the preliminary calculation of the financial department, the Company is expected to continue to record a loss in operating results of 2019 and the net profit attributable to the shareholders of the Company is approximately RMB-135 million to RMB-115 million, with the loss increasing by approximately RMB41 million to RMB21 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-136 million to RMB-116 million, with the loss increasing by approximately RMB26 million to RMB6 million as compared to the same period of last year.

(III) ShineWing Certified Public Accountants LLP (the “**Certified Public Accountant**”) 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 the preliminary audit, the Certified Public Accountant did not discover any audit evidence inconsistent with the “expected loss in the 2019 annual results of the Company”. However, the Certified Public Accountant would not provide any guarantee in respect of the expected loss in the Company’s 2019 results. Such results shall be subject to the 2019 financial audit report duly issued by the Certified Public Accountant.

II. RESULTS FOR THE CORRESPONDING PERIOD OF LAST YEAR

(I) Net profit attributable to the shareholders of the Company: RMB-93,936,155.30

The net profit attributable to the shareholders of the Company after deducting the non-recurring profits and losses: RMB-109,732,045.40

(II) Earnings per share: RMB-0.22

III. THE MAJOR REASONS FOR THE LOSS FOR THE PERIOD

- (I) As the economic development of China slows down and shifts to normalised development, the market demand for industrial gas cylinders weakened, leading to insufficient utilization of production capacity and increasingly fierce competition.
- (II) As the price difference between oil and gas narrows, the cost advantage of natural gas vehicles is no longer significant. Meanwhile, new energy vehicles which mainly use electricity have made an impact on the natural gas vehicle market, leading to a decline in the market demand for natural gas vehicles.
- (III) As the Company is in the process of reform, adjustment, transformation and upgrading, there were situations where spatial layout is unreasonable and efficiency in the use of resources is limited. In addition, during periods of heavy air pollution, the Company adopted measures to stop and limit its production as required by the government, leading to a limited production capacity.

IV. OTHERS

- (I) 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 2019 to be formally published by the Company. Investors are advised to pay attention to the investment risks.
- (II) According to the relevant requirements under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, if the Company incurs a loss in its 2019 annual results, the Company would have incurred losses for two consecutive years and the A shares of the Company will be subject to delisting risk warning upon the disclosure of the A shares 2019 annual report of 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
21 January 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.