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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 OF THE IMPLEMENTATION OF 2014 NEWLY ISSUED OR  
AMENDED ACCOUNTING STANDARDS FOR  
RELEVANT BUSINESS ENTERPRISES**

**The board of directors of the Company and all members of the Board 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:

Since 1 July 2014, Beijing Jingcheng Machinery Electric Company Limited (the “Company”) has begun to apply newly issued or amended Accounting Standards for Relevant Business Enterprises promulgated by the Ministry of Finance in 2014.

**I. SUMMARY OF THE APPLICATION OF NEWLY ISSUED OR AMENDED ACCOUNTING STANDARDS FOR RELEVANT BUSINESS ENTERPRISES PROMULGATED BY THE MINISTRY OF FINANCE IN 2014**

The Company applied related requirements pursuant to the specified requirements under Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments, Accounting Standards for Business Enterprises No.9 – Employee Remunerations, Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements, Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements, Accounting Standards for Business Enterprises No.39 – the Measurement of Fair Value, Accounting Standards for Business Enterprises No.40 – Joint Venture Arrangement and Accounting Standards for Business Enterprises No.41 – Disclosure, all of which were amended by the Ministry of Finance in 2014.

On 17 March 2015, the Company convened the third meeting of the eighth session of the board of directors and the sixth meeting of the Supervisory Committee, at which the resolution on the implementation of newly issued or amended Accounting Standards for Business Enterprises in 2014 was considered and approved. It was agreed that the Company strictly complied with the requirements issued by the Ministry of Finance and duly applied such newly issued or amended Accounting Standards for Business Enterprises on the effective date, and that the Company made relevant disclosures pursuant to the Notice about the Disclosures of Related Financial Information under Newly Issued or Amended Accounting Standards for Business Enterprises, which was issued by Accounting Department of China Securities Regulatory Commission (Letter from Accounting Department No. [2014]467) and forwarded by Shanghai Stock Exchange.

## **II. DETAILS OF THE CHANGES IN ACCOUNTING POLICIES AND THE IMPACTS ON THE COMPANY**

1. During the reporting period, Accounting Standards for Business Enterprises No.2 – Long-term Equity Investments, Accounting Standards for Business Enterprises No.30 – Presentation of Financial Statements, Accounting Standards for Business Enterprises No.39 – the Measurement of Fair Value, Accounting Standards for Business Enterprises No.40 – Joint Venture Arrangement and Accounting Standards for Business Enterprises No.41 – Disclosure, had no impact on the items of the consolidated financial statements and did not involve any adjustment to the amounts at the beginning of the period.
2. **Details of the application of Accounting Standards for Business Enterprises No.9 – Employee Remunerations**

Applying Accounting Standards for Business Enterprises No.9 – Employee Remunerations, post-employment benefits provided to employees by the Company are in the scope of defined benefit plan of Accounting Standards for Business Enterprises No.9 – Employee Remunerations. Therefore, the Company has to appoint professional institutions to perform measurement on defined benefit plan. Pursuant to the requirements under Accounting Standards for Business Enterprises No.9 – Employee Remunerations, for the defined benefit plan, the Company, according to the projected unit credit method, adopted unbiased and mutually agreed actuarial assumptions to estimate the relevant demographic variables and financial variables, calculate the obligations arising from the defined benefit plan and determine the period of relevant obligations belonging to. The Company discounts the obligations arising from the defined benefit plan with discount rate to determine the present value and costs of services in current period of the defined benefit plan. The Company has adopted retrospective adjustments for changes in such accounting policy and the items have been restated in the comparative financial statements for 2014, in which, for the balance sheet for 2013, employee benefits has increased to RMB29,840,000.00, unallocated profits has decreased to RMB32,310,000.00 and other consolidated income has increased to RMB2,470,000.00.

### **3. Details of the application of Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements**

Applying Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements, prior to 2014, the unrealized internal trading profits and losses incurred from the sale of assets between subsidiaries shall be entirely written off net profit attributable to the equity holders of the parent company. Pursuant to the requirements under Accounting Standards for Business Enterprises No.33 – Consolidated Financial Statements, the unrealized internal trading profits and losses incurred from the sale of assets between subsidiaries shall be written off between ‘net profit attributable to the equity holders of the parent company’ and ‘minority shareholders’ interest’. The Group has adopted retrospective adjustments for changes in such accounting policy and the items have been restated in the comparative financial statements for 2014, in which, for the balance sheet for 2013, minority shareholders’ interest has reduced to RMB1,538,378.84 and unrealized profits has increased to RMB1,538,378.84 while there has been no change to liability.

## **III. OPINIONS OF THE BOARD AND THE SUPERVISORY COMMITTEE**

### **1. Opinion of Independent Directors**

The Company has made retrospective adjustments for the auditing of the business involved pursuant to the requirements under the related systems newly issued or amended by the Ministry of Finance. Application of the newly issued or amended Accounting Standards for Relevant Business Enterprises promulgated by the Ministry of Finance in 2014 complies with the related requirements of the Ministry of Finance, China Securities Regulatory Commission and the Shanghai Stock Exchange, which can objectively and fairly reflect the Company’s financial situation operation result for the time being and are in the interest of the Company and shareholders as a whole. The decision making process on the application of the newly issued or amended Accounting Standards for Relevant Business Enterprises in 2014 complies with the requirements under related laws, regulations and the Articles of Association. We agree with the Company to apply newly issued or amended Accounting Standards for Relevant Business Enterprises in 2014.

### **2. Opinions of the Supervisory Committee**

Application of newly accounting standards by the Company represents the reasonable changes and adjustments pursuant to the specified standards under the newly issued or amended Accounting Standards promulgated by the Ministry of Finance, which complies with related requirements. Application of such new accounting standards can more objectively and fairly reflect the Company’s financial situation operation result for the time being and are in the interest of the Company and shareholders as a whole. The decision making process complies with the requirements under related laws, regulations and the Articles of Association and would not jeopardize the interests of the Company and its shareholders. We agree with the Company to apply newly issued or amended Accounting Standards for Relevant Business Enterprises in 2014.

#### IV. ATTACHMENT PUBLISHED ONLINE

1. Announcement of resolutions passed at the third meeting of the eighth session of the Board of the Company;
2. Independent opinions of independent directors in relation to the announcement of the application of newly issued or amended Accounting Standards for Business Enterprises in 2014;
3. Announcement of resolutions passed at the sixth meeting of the eighth session of the supervisory committee of the Company.

The board of directors of  
**Beijing Jingcheng Machinery Electric Company Limited**

Beijing, the PRC 17 March 2015

*As at the date of this announcement, the board of directors of the Company comprises Mr. Hu Chuanzhong, Mr. Li Junjie and Ms. Jiang Chi as executive directors, Mr. Zhou Yongjun, Ms. Chang Yun and Mr. Xia Zhonghua as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.*