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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 RECEIPT OF GOVERNMENT GRANT

The board of directors and all directors of the Company 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.

On 14 December 2023, Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) and its wholly-owned and controlled subsidiaries received government grant of RMB4,000,000, which was revenue-related government grant, accounting for 21.86% of the Company’s audited net profit attributable to the shareholders of the listed company for the latest period. Details are set out as follows:

I. BASIC INFORMATION OF THE GRANT RECEIVED

Unit: RMB

Serial number	Time of receipt of grant	Type of grant	Amount of grant	Proportion of the Company’s audited net profit for the latest period (%)
1	2023.12.14	Revenue-related	4,000,000	21.86
Total			4,000,000	21.86

II. TYPE OF THE GRANT AND ITS IMPACT ON THE COMPANY

1. Type of the grant

Pursuant to the requirements of “Accounting Standards for Business Enterprises No. 16 – Government Grants”, government grants related to assets refer to government grants that are obtained by enterprises for the purpose of purchase, construction or otherwise acquisition of long-term assets by other methods, while government grants related to income refer to government grants other than those related to assets.

The above-mentioned government grant is a government grant related to income.

2. Recognition and measurement of the grant

Pursuant to the requirements of “Accounting Standards for Business Enterprises No. 16 – Government Grants”, government grants related to assets shall be set off against the book value of relevant assets or be recognized as deferred income, while government grants related to income that are used to compensate relevant costs or losses of enterprises in subsequent periods shall be recognized as deferred income and recorded in current profit or loss when such costs or losses are recognized. Government grants used to compensate relevant costs or losses that have been incurred by enterprises shall be recorded directly in current profit or loss or set off against relevant costs. Government grants related to the Company’s daily activities shall be included in other income, while government grants unrelated to the Company’s daily activities shall be included in non-operating income.

The above-mentioned government grant is related to the Company’s daily activities and shall all be included in other income.

3. Impact of the grant on the Company

The amount of impact of the above-mentioned government grant received on the profit or loss for the year of 2023 and subsequent years of the Company is expected to be RMB4,000,000.

4. Risk warning and other notes

The above-mentioned information has not been audited, and the specific accounting treatment shall be determined based on the results of the annual audit to be confirmed by the auditor. Investors are advised to be cautious of investment risks.

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

Beijing, the PRC
18 December 2023

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