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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Beijing Jingcheng Machinery Electric Company Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

THE FULL TEXT AND THE SUMMARY OF ANNUAL REPORT FOR A SHARES AND ANNUAL REPORT FOR H SHARES FOR 2019

2019 WORK REPORT OF THE BOARD OF DIRECTORS

2019 WORK REPORT OF THE SUPERVISORY COMMITTEE

2019 AUDITED FINANCIAL REPORTS

THE INTERNAL CONTROL AUDIT REPORT IN THE FINANCIAL REPORT FOR THE YEAR 2019

2019 WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

RE-APPOINTMENT OF SHINewing CERTIFIED PUBLIC ACCOUNTANTS (SPECIAL GENERAL PARTNERSHIP)

AS THE AUDITOR FOR 2020 FINANCIAL REPORTS

RE-APPOINTMENT OF DA HUA CERTIFIED PUBLIC ACCOUNTANTS (SPECIAL GENERAL PARTNERSHIP)

AS THE INTERNAL CONTROL AUDITOR FOR THE 2020 INTERNAL CONTROL AUDIT REPORT OF THE FINANCIAL REPORT

THE RESOLUTION OF NOT TO DISTRIBUTE ANY PROFIT FOR THE YEAR 2019

TO APPROVE THE RESOLUTION IN RELATION TO THE GRANT OF GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES BY THE COMPANY

THE RESOLUTION IN RELATION TO THE AMENDMENT TO THE ARTICLES OF ASSOCIATION

THE RESOLUTION ON THE REMUNERATION OF AND WRITTEN CONTRACTS TO BE ENTERED INTO WITH THE DIRECTORS OF THE TENTH SESSION OF THE BOARD

THE RESOLUTION ON THE REMUNERATION OF AND WRITTEN CONTRACTS TO BE ENTERED INTO WITH THE SUPERVISORS OF THE TENTH SESSION OF THE SUPERVISORY COMMITTEE

THE RESOLUTION ON THE ELECTION OF DIRECTORS

THE RESOLUTION ON THE ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

THE RESOLUTION ON THE GENERAL ELECTION OF THE SUPERVISORY COMMITTEE

AND

NOTICE OF ANNUAL GENERAL MEETING

A letter from the Board is set out on pages 3 to 9 of this circular.

A notice convening the 2019 annual general meeting ("AGM") of Beijing Jingcheng Machinery Electric Company Limited (the "Company") to be held at the Conference Room 1, No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, PRC, on 9 June 2020 (Tuesday) at 9:30 a.m. is set out on pages 58 to 62 of this circular and has been disclosed on 24 April 2020.

Whether or not you intend to attend the AGM, you are requested to complete the attached form of proxy (which has been disclosed on 24 April 2020) in accordance with the instructions printed thereon and return it as soon as possible and in any event not later than 24 hours before the time appointed for the convention of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

18 May 2020

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be convened on 9 June 2020 (Tuesday) at 9:30 a.m. at the Conference Room 1, No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, PRC
“Articles of Association”	the articles of association of the Company as amended from time to time
“A Share(s)”	domestic ordinary Share(s) with a par value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in RMB
“Board”	the board of Directors
“Company”	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 PRC with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the Directors of the Company
“General Mandate”	the general mandate proposed to be granted to the Board at the AGM for the purpose of, among others, issuing and dealing with the new H Shares of which the number shall be no more than 20% of the number of H Shares in issue as at the date of the passing of the proposed special resolution at the AGM
“H Share(s)”	the overseas foreign listed Shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange, subscribed for and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Latest Practicable Date”	12 May 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Share(s) of the Company, including A Shares and H Shares, unless otherwise specified
“Shareholders”	the Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisors”	the supervisors of the Company
“%”	Percent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wang Jun
Mr. Li Junjie
Mr. Zhang Jiheng

Non-executive Directors:

Ms. Jin Chunyu
Mr. Wu Yanzhang
Mr. Xia Zhonghua
Ms. Li Chunzhi

Independent non-executive Directors:

Ms. Wu Yan
Mr. Liu Ning
Mr. Yang Xiaohui
Mr. Fan Yong

Registered office:

Room 901, No. 59 Mansion,
Dongsanhuan Road Central,
Chaoyang District,
Beijing,
PRC

18 May 2020

To the Shareholders

Dear Sir or Madam,

**THE FULL TEXT AND THE SUMMARY OF ANNUAL REPORT FOR A SHARES AND
ANNUAL REPORT FOR H SHARES FOR 2019
2019 WORK REPORT OF THE BOARD OF DIRECTORS
2019 WORK REPORT OF THE SUPERVISORY COMMITTEE
2019 AUDITED FINANCIAL REPORTS
THE INTERNAL CONTROL AUDIT REPORT IN THE FINANCIAL REPORT
FOR THE YEAR 2019
2019 WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS
RE-APPOINTMENT OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS
(SPECIAL GENERAL PARTNERSHIP)
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AS THE INTERNAL CONTROL AUDITOR FOR THE 2020 INTERNAL CONTROL
AUDIT REPORT OF THE FINANCIAL REPORT
THE RESOLUTION OF NOT TO DISTRIBUTE ANY PROFIT
FOR THE YEAR 2019
TO APPROVE THE RESOLUTION IN RELATION TO THE GRANT OF
GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES BY THE COMPANY
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THE RESOLUTION ON THE REMUNERATION OF AND WRITTEN CONTRACTS TO BE ENTERED
INTO WITH THE SUPERVISORS OF THE TENTH SESSION OF THE SUPERVISORY COMMITTEE
THE RESOLUTION ON THE ELECTION OF DIRECTORS
THE RESOLUTION ON THE ELECTION OF INDEPENDENT
NON-EXECUTIVE DIRECTORS
THE RESOLUTION ON THE GENERAL ELECTION
OF THE SUPERVISORY COMMITTEE
AND
NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with the notice of the 2019 AGM and to provide you with reasonable and necessary information.

At the AGM of 2019, the ordinary resolutions will be proposed to consider and approve (1) the full text and the summary of Annual Report for A shares and Annual Report for H shares for 2019; (2) 2019 Work Report of the Board; (3) 2019 Work Report of the Supervisory Committee; (4) 2019 audited financial reports; (5) the internal control audit report in the financial report for the year 2019; (6) 2019 Work Report of the independent non-executive Directors; (7) re-appointment of ShineWing Certified Public Accountants (Special General Partnership) as the auditor for 2020 financial reports and to propose at the general meeting to authorise the Board to sign an appointment agreement with it and determine its remuneration; (8) re-appointment of Da Hua Certified Public Accountants (Special General Partnership) as the internal control auditor for 2020 internal control audit report of the financial report and to propose at the general meeting to authorise the Board to sign an appointment agreement with it and determine its remuneration; (9) the resolution of not to distribute any profit for the year 2019; (12) the resolution on the remuneration of and written contracts to be entered into with the Directors of the tenth session of the Board; (13) the resolution on the remuneration of and written contracts to be entered into with the Supervisors of the tenth session of the Supervisory Committee; (14) the resolution on the election of Directors; (15) the resolution on the election of independent non-executive Directors; and (16) the resolution on the general election of the Supervisory Committee. The following special resolutions will be proposed to consider and approve (10) the resolution in relation to the grant of general mandate to the Board to issue H shares by the Company; and (11) the resolution in relation to the amendment to the Articles of Association.

The full text and the summary of Annual Report for A shares and Annual Report for H shares for 2019, 2019 Work Report of the Board of Directors, 2019 audited financial reports, the internal control audit report in the financial report for the year 2019 and the resolution of not to distribute any profit for the year 2019

For details, please refer to the 2019 Annual Report of the Company which has been published on the website of the Company and the website of the Stock Exchange and the relevant sections thereof.

2019 Work Report of the Supervisory Committee

For details, please refer to Appendix I to this circular.

Report of the Independent Non-executive Directors for the year 2019

For details, please refer to Appendix II to this circular.

LETTER FROM THE BOARD

Re-appointment of auditor for 2020 financial reports

The Board proposes that the Company to re-appoint ShineWing Certified Public Accountants (Special General Partnership) as its auditor for the Company's 2020 financial reports, and to authorise the Board to sign an appointment agreement with it and determine its remuneration.

Re-appointment of internal control auditor for 2020 internal control audit report of the financial report

The Board proposes that the Company to re-appoint Da Hua Certified Public Accountants (Special General Partnership) as its internal control auditor for the Company's 2020 internal control audit report of the financial report, and to authorise the Board to sign an appointment agreement with it and determine its remuneration.

2. ELECTION OF DIRECTORS AND SUPERVISORS

The term of office of all Directors and all Supervisors of the current term will expire on the date of the AGM.

As disclosed in the announcement on the resolutions passed at the eleventh meeting of the ninth session of the Board dated 27 March 2020, the Board has considered and approved the resolution on the general election of the Board. The Nomination Committee of the ninth session of the Board fully understands and proposed the recommendations of: the controlling shareholder of the Company nominated Mr. Wang Jun as the executive Director candidate of the tenth session of the Board, Ms. Jin Chunyu, Mr. Wu Yanzhang, Mr. Xia Zhonghua and Ms. Li Chunzhi as the non-executive Director candidates of the tenth session of the Board of the Company; the Nomination Committee of the Board nominated Mr. Li Junjie and Mr. Zhang Jiheng as the executive Director candidates of the tenth session of the Board of the Company, having considered factors such as the candidates' background, qualifications and experience in accordance with the nomination procedures of the Company, Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong are nominated as the independent non-executive Director candidates of the tenth session of the Board of the Company.

In addition, as disclosed in the announcement on the resolutions passed at the thirty first meeting of the ninth session of the Supervisory Committee dated 27 March 2020, the Supervisory Committee has considered and approved the resolution on the general election of the Supervisory Committee. In accordance with the recommendations of Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company, the ninth session of the Supervisory Committee nominated Mr. Miao Junhong and Mr. Li Zhe as the Supervisor candidates of the tenth session of the Supervisory Committee. There shall be one employee supervisor, to be elected by the employee representative association of the Company in accordance with statutory procedures.

LETTER FROM THE BOARD

Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong have confirmed their independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Board is of the view that Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong meet the independent guidelines set out in Rule 3.13 of the Listing Rules, and are independent in accordance with the terms of the guidelines.

The Board considered that the educational background, skills, knowledge and professional experience of Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong would enable them to provide balanced, objective valuable and diversified perspectives, such that they can provide insights to the Board and contribute to the diversity of the Board.

The term of office of the newly elected Directors and Supervisors will be for a period of 3 years which is proposed to commence on the date of approval at the AGM and end at the conclusion date of the annual general meeting to be held in 2022.

Executive Directors (save as the Chairman of the Board) of the tenth session of the Board are not entitled to Directors' remuneration, but are entitled to the remuneration based on their respective positions in the Company and subsidiaries (except for the Director's duties). The Chairman of the Board and non-executive Directors do not receive any remuneration from the Company. The annual emolument of the independent non-executive Directors is RMB80,000.

Supervisors are not entitled to the Supervisors' remuneration, but are entitled to the remuneration according to their respective positions in the Company and subsidiaries (except for the Supervisor's duties).

The Company will enter into service contracts with all newly elected Directors of the tenth session of the Board and Supervisors of the tenth session of the Supervisory Committee.

According to the Articles of Association, the appointment of Directors and Supervisors is subject to the approval of the Shareholders. At the AGM, ordinary resolutions will be proposed to approve the election of 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; Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as the independent non-executive Directors; and Mr. Miao Junhong and Mr. Li Zhe as the Supervisors, and their respective remuneration packages.

The biographical details of the candidates proposed to be elected as Directors and Supervisors at the AGM are set out in Appendix IV to this circular.

3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 27 March 2020, in relation to the proposed amendments to the Article of Association.

LETTER FROM THE BOARD

Pursuant to the relevant laws, regulations and regulatory documents including the Companies Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) and the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No.97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019] 97號) and taking into account the actual situation of the Company, the Board of the Company proposed to amend the terms of the Articles of Association relevant to the terms of the repurchase of shares, notice period of general meetings, concurrent post held by senior management and resignation of independent directors, etc. The resolution in relation to the amendments to the Articles of Association of the Company was considered and approved at the eleventh meeting of the ninth session of the Board, and shall be submitted to the AGM for Shareholders' approval. The proposed amendments to the Articles of Association are set out in Appendix III to this circular.

The proposed amendments to the Articles of Association are subject to approval of the Shareholders by way of a special resolution at the AGM and approval by relevant PRC authority.

4. THE RESOLUTION IN RELATION TO THE GRANT OF GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES BY THE COMPANY

To increase the flexibility and efficiency in operation, and to give discretion to the Board in the event that it becomes desirable to issue new H Shares, the Company proposes to obtain Shareholders' approval for the General Mandate to allot, issue and deal with additional H Shares not exceeding 20% of the issued H Shares as at the date of passing of the resolution at the AGM and to make or grant offers, agreements and/or options in respect thereof, subject to the following conditions:

- (a) the General Mandate shall not extend beyond the Relevant Period (as defined below) save that the Board may during the Relevant Period make or grant offers, agreements and/or options which may require the exercise of such power after the end of the relevant period;
- (b) the aggregate number of H Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board (otherwise than pursuant to any scrip dividend scheme (or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend), any share option scheme, Rights Issue (as defined below) or separate approval of the Shareholders) shall not exceed 20% of the aggregate number of H Shares in issue as at the date of passing of the resolution at the AGM;

LETTER FROM THE BOARD

- (c) the Board will only exercise its power under the General Mandate in accordance with the Company Law of the PRC and the Listing Rules (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities and/or stock exchange (if applicable) are obtained.

and, for the purposes of this resolution:

“Relevant Period” means the period from the date of passing this resolution until the earlier of: (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or (b) the expiration of the period within which the next annual general meeting is required by the articles of association of the Company or any applicable law to be held; or (c) the revocation or variation of the authority given under this resolution by a special resolution of the Company in general meeting; and

“Rights Issue” means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding, as the Board may decide, for such purpose any shareholder who is resident in a place where such offer is not permitted under the law or regulation of that place) entitled to such offer, pro rata (apart from fractional entitlements) to their then existing holdings of shares.

5. THE AGM

A notice convening the AGM to be held on 9 June 2020 (Tuesday) at 9:30 a.m. is set out on pages 58 to 62 of this circular which has been disclosed on 24 April 2020. Whether or not you are able to attend the AGM, you are requested to complete and return the accompanying form of proxy (which has been disclosed on 24 April 2020) in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof. In order to be valid, the form of proxy should be returned to the business address of the Company at No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing or the Company’s H share registrar, Computershare Hong Kong Investors Services Limited, at Shop 1712-1716, 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the commencement of the AGM or any adjournment thereof. Completion and return of the said form of proxy will not prevent you from attending and voting in person at the AGM or at any adjournment thereof if you so wish.

LETTER FROM THE BOARD

Reply slip for the AGM has been disclosed on 24 April 2020. You have been reminded to complete and sign the reply slip and return the signed slip to the Company at No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing or the Company's H share registrar, Computershare Hong Kong Investors Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 19 May 2020 in accordance with the instructions printed thereon.

6. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under the requirements of Rule 13.39(5) of the Listing Rules.

7. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

8. RECOMMENDATION

The Directors are of the view that all resolutions proposed for consideration and approval by the Shareholders at the AGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions as set out in the notice of AGM.

Yours faithfully,
By order of the Board
**BEIJING JINGCHENG MACHINERY
ELECTRIC COMPANY LIMITED**
Wang Jun
Chairman

During 2019, the Supervisory Committee adhered to the principle of being responsible to all Shareholders to supervise the lawful operation of the Company and performance of duty by the Company's Directors and senior management officers strictly in accordance with the Company Laws, Security Laws, Articles of Association and the Rules of Procedure for the Supervisory Committee of the Company. During the reporting period, the Supervisory Committee held 13 meetings and attended the 2018 AGM, 4 extraordinary general meetings, 1 A Shares class meeting and 1 H Shares class meeting in 2019 and all the Board meetings. The Supervisory Committee earnestly heard the Company's position on production and operation, investment activities and financial control, participated in the decision-making process for material events of the Company, reviewed the Company's periodic report and supervised the operation of the Company as well as the performance of duty by the Company's Directors and senior management officers, which enhanced the Company's standard operation level and practically protected the Company's and Shareholders' legal interests. 2019 Work Report of the Supervisory Committee is set out below:

I. Work of the Supervisory Committee in 2019

Supervisory Committee of the Company establishes a sound meeting and working system, which can be implemented strictly. Supervisory Committee convened 13 meetings in 2019, details of which are set out below:

- (I) The Seventeenth Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 16 January 2019. Major details of the meeting are as follows:
 - 1. The resolution in relation to the transfer of 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, through public tender, and to authorize the board of directors of Beijing Tianhai to determine the transfer related matters including the listing price based on a minimum consideration of not less than the valuation results approved by Beijing SASAC was considered and approved;
 - 2. The resolution in relation to the candidates of Supervisor was considered and approved;
 - 3. The resolution on the remuneration of and written contracts to be entered into with the Supervisors was considered and approved.

- (II) The Eighteenth Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 5 March 2019. Major details of the meeting are as follows:

The resolution on the election of Mr. Miao Junhong as the chairman of the ninth session of the Supervisory Committee of the Company was considered and approved.

(III) The Nineteenth Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 25 March 2019. Major details of the meeting are as follows:

1. The work report of the Supervisory Committee for 2018 was considered and approved, and submitted to the 2018 AGM for consideration;
2. The 2018 annual report of the Company and its summary and the H Shares results announcement were considered and approved;
3. The 2018 audited financial report of the Company was considered and approved;
4. The 2018 assessment report on the Company's internal control was considered and approved;
5. The 2018 internal control audit report of the financial report of the Company was considered and approved;
6. The 2018 social responsibility report of the Company was considered and approved;
7. The proposal of the Company not to distribute profit for 2018 was considered and approved;
8. The resolution of provision for impairment for the year 2018 of the Company was considered and approved.

(IV) The Twentieth Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 25 April 2019. Major details of the meeting are as follows:

1. The 2019 first quarterly report of the Company was considered and approved;

(V) The Twenty-first Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 6 May 2019. Major details of the meeting are as follows:

1. The resolution in relation to the satisfaction of the conditions of the non-public issuance of A Shares by the Company was considered and approved;
2. The resolution in relation to the project for the non-public issuance of A Shares by the Company was considered and approved;
3. The resolution in relation to the proposal for the nonpublic issuance of A Shares by the Company was considered and approved;

4. The resolution in relation to the feasibility analysis report on the investment project for the proceeds from the non-public issuance of A Shares by the Company was considered and approved;
5. The resolution in relation to the connected transactions involved in the non-public issuance of A Shares by the Company was considered and approved;
6. The resolution in relation to the entering into the conditional subscription agreement of the non-public issuance of A Shares between Beijing Jingcheng Machinery Electric Company Limited and Beijing Jingcheng Machinery Electric Holding Co., Ltd. was considered and approved;
7. The resolution in relation to the dilution of current return of the non-public issuance of A Shares by the Company and the adoption of remedial measures was considered and approved;
8. The resolution in relation to the undertakings for effective performance of remedial measures for returns by the controlling shareholder, Directors and senior management of the Company was considered and approved;
9. The resolution in relation to the establishment of savings account of the Company for the proceeds was considered and approved;
10. The resolution in relation to the shareholders' return plan for the next three years of the Company was considered and approved;
11. The resolution in relation to the amendments to the articles of association of the Company was considered and approved.

(VI) The Twenty-second Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 22 July 2019. Major details of the meeting are as follows:

1. The resolution in relation to the increase in budget for non-public projects was considered and approved;
2. The resolution in relation to the amendments to the terms of tender in relation to the transfer of 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by Beijing Tianhai Industry Co., Ltd. through public tender, and the authorization of the board of directors of Beijing Tianhai to determine the transfer related matters including the listing price based on a minimum consideration of not less than 90% of the valuation results approved by Government State-owned Assets Supervision and Administration Commission was considered and approved.

(VII) The Twenty-third Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 24 July 2019. Major details of the meeting are as follows:

The resolution in relation to the entering into agreement and connected transactions between Beijing Tianhai Industry Co., Ltd. and Shandong Yong'an Heli Steel Cylinder Co., Ltd. was considered and approved.

(VIII) The Twenty-fourth Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 9 August 2019. Major details of the meeting are as follows:

1. The 2019 A Shares Interim Report of the Company and its summary and the H Shares results announcement were considered and approved;
2. The resolution in relation to the provision for impairment of the Company for the half year of 2019 was considered and approved;
3. The resolution in relation to the changes in accounting policy of the Company was considered and approved.

(IX) The Twenty-fifth Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 30 August 2019. Major details of the meeting are as follows:

The resolution in relation to the provision for loans of RMB20 million to Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, by Beijing Jingcheng Machinery Electric Holding Co., Ltd., the Controlling Shareholder, was considered and approved.

(X) The Twenty-sixth Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 26 September 2019. Major details of the meeting are as follows:

1. The resolution in relation to the amendment to the project of non-public issuance of A Shares by the Company was considered and approved;
2. The resolution in relation to the proposal for the non-public issuance of A Shares of the Company (revised) was considered and approved.

(XI) The Twenty-seventh Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 30 October 2019. Major details of the meeting are as follows:

1. The 2019 Third Quarterly Report of the Company was considered and approved;

2. The resolution in relation to the Gas Cylinder Pipe Sale and Purchase Framework Agreements entering into and the connected transactions between Tianjin Tianhai High Pressure Containers Co., Ltd. and Tianjin Pipe Steel Trade Co., Ltd. and between Kuancheng Tianhai High Pressure Containers Co., Ltd. and Tianjin Pipe Steel Trade Co., Ltd. was considered and approved;
3. the resolution in relation to the provision of loans of RMB25 million to Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, by Beijing Jingcheng Machinery Electric Holding Co., Ltd., the Controlling Shareholder, was considered and approved;
4. the resolution in relation to the proposal to the general meeting for the approval of Beijing Jingcheng Machinery Electric Holding Co., Ltd. to be exempt from increasing holding in A Shares of the Company by way of offer was considered and approved.

(XII) The Twenty-eighth Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 4 December 2019. Major details of the meeting are as follows:

The resolution in relation to the registered share capital reduction of BTIC America Corporation to realize the project of withdrawal of part of the shareholding by the foreign shareholders was considered and approved.

(XIII) The Twenty-ninth Meeting of the ninth session of the Supervisory Committee was held at the Conference Room of the Company on 16 December 2019. Major details of the meeting are as follows:

The resolution in relation to Tianjin Tianhai High Pressure Containers Co., Ltd., a subsidiary of Beijing Tianhai Industrial Co., Ltd., obtaining letters of credit by way of security from Huaxia Bank and Shanghai Pudong Development Bank was considered and approved.

II. Independent Opinion of the Supervisory Committee on Operating in Compliance with Laws by the Company

In accordance with the related PRC laws and regulations, the Supervisory Committee has seriously monitored the procedures for convening annual general meetings and board meetings, the resolutions and the implementation of resolutions on general meetings by the Board, the performance of duty by the senior management officers of the Company and the internal control system of the Company during the Reporting Period of the Company,

The Supervisory Committee considers: the Supervisory Committee is of the view that, during the reporting period, the Board strictly complied with the Company Law, Securities Law, the Listing Rules, Articles of Association and other relevant laws and regulations. The material decisions of the Company were scientific and reasonable and the procedures of decision were lawful and effective. Meanwhile, the Company has established and improved

its internal management and control system. Directors and General Manager of the Company were able to carry out their duties earnestly. There had been no violation of the laws, regulations, the Articles of Association or behavior in detrimental to the interests of the Company.

III. Independent Opinion of the Supervisory Committee on Review of the Company's Financial Position

The Supervisory Committee has diligently reviewed the financial system and financial position of the Company and is of the view that the income and expenditure were clearly stated in the accounts of the Company, and that accounting and financial management had complied with relevant requirements, and no problem was found. ShineWing Certified Public Accountants (Special General Partnership) audited the 2019 Financial Report of the Company according to the PRC accounting standards and issued the auditors' report without qualification. The Supervisory Committee considers that the auditors' report truly reflects the financial status, operating results and cash flows of the Company and that the auditors' report is fair, objective, true and reliable.

IV. Opinion of the Supervisory Committee on Investment Project of Raising Proceeds of the Company

During the Reporting Period, the non-public issuance of A Shares by the Company was approved by the Securities and Futures Commission. So far, it is not official issued.

V. Opinion of the Supervisory Committee on Transactions on Acquisition and Disposal of Assets of the Company

The Supervisory Committee conducted inspection on the acquisition and disposal of assets of the Company during the Reporting Period, and the Supervisory Committee considers: the Company conducted acquisition and disposal of assets by virtue of a fair and impartial principle in determining their prices, and the transaction prices are reasonable. There were no insider trading or circumstances to the detriment of the interest of Shareholders and listed companies. The acquisition and disposal of assets fulfilled the necessary consideration procedures and information disclosure obligation as required.

VI. Independent Opinion of the Supervisory Committee on Connected Transactions of the Company

The Supervisory Committee conducted inspection on the connected transaction of the Company during the Reporting Period and the Supervisory Committee considers: The connected transactions strictly complied with the procedures of relevant requirements of the Company Law and Articles of Association of the Company and the terms of which are fair and reasonable, entered into on normal commercial terms and in the interests of the Company and the shareholders as a whole. The transaction prices are objective and fair without harming the interests of the Company and non-connected shareholders and minority shareholders. The decisions are in line with our development strategy and development needs in production and operation.

VII. Review of the Supervisory Committee on the Self-assessment Report on Internal Control

The Supervisory Committee has reviewed the self-assessment report on internal control of Beijing Jingcheng Machinery Electric Company and considers that in accordance with related laws and regulations and taking into account the actual situation of the Company, the Company established a sound internal control system to ensure that various business activities of the Company are carried out in a standardized and orderly manner. The Company's internal control structure is complete, and the internal audit department and personnel are well-equipped to ensure the effective implementation and supervision of the Company's key internal control activities. The internal control system of the Company is sound with effective implementation from 1 January 2019 to the end of the reporting period. The report objectively and fairly reflects the internal control of the Company and there is no disagreement on the assessment report.

During the reporting period, there has been no matter requiring negotiation by supervisors on behalf of the Company with the Board nor proceedings against the Directors.

VIII. The Establishment and Implementation of Management System for Persons with Access to the Company's Inside Information

The Company was able to perform the management and registration work for inside information in accordance with the laws and regulations and the Company's system, practically prevent the occurrence of non-compliances, such as the abuse of the right to know by persons with access to the Company's inside information, the disclosure of inside information, and the occurrence of inside transactions, which protected the legal interests of all investors.

IX. Work Plan of the Supervisory Committee for the year 2020

In 2020, the Supervisory Committee will continue to strictly comply with the requirements of the Company Law, the Articles of Association and relevant laws, regulations and policies of the state, truthfully perform its duties, and further promote regulated operations of the Company. Major work arrangements are outlined below:

1. Comply with the laws and regulations and discharge duties conscientiously. In 2020, the Supervisory Committee will strictly implement relevant requirements of the Company Law and the Articles of Association and supervise the Board and the senior management according to the laws with the purpose to further regulate the decision-making and operation activities to ensure their compliance with the laws. First, it will urge the Company to further improve the corporate governance structure and enhance governance standards according to the requirements of modern corporate system. Second, in accordance with the Rules of Procedure for the Supervisory Committee of the Company, it will continue to strengthen the enforcement of its supervisory functions and attend the Board meetings according to the laws so as to timely grasp the Company's major decisions and the lawfulness of the decision-making procedures, thereby further safeguard the

interests of the Shareholders. Third, it will convene working meetings of the Supervisory Committee on a regular basis to implement the Rules of Procedure for the Supervisory Committee of the Company.

2. Strengthen supervision and inspection to avoid operational risks. The Supervisory Committee will constantly strengthen the supervision of the Directors and other senior management on their performance of duties, execution of resolutions and compliance with laws and regulations. First, financial supervision will be maintained as a focus, and the Supervisory Committee will monitor the financial position of the Company in accordance with the laws. Second, the internal control system will be further strengthened to prevent corporate risks and the loss of the Company's assets. The Supervisory Committee will regularly keep informed of and understand the operation state of the Company from the holding companies, especially the major operation activities and investment projects, and provide prompt suggestions to stop and remedy the situation when problems are found. Third, the Supervisory Committee will maintain communications and liaison with internal audit function and external accountants (auditors) entrusted by the Company, taking full use of internal and external audit information to keep abreast of the updates. Fourth, the Supervisory Committee will focus on the high risk areas of the Company, carry out inspections on critical matters, such as major investments, management of raised proceeds and connected transactions.

3. Uplift professional capabilities through self-improvement. To better perform the role of the Supervisory Committee, it should uplift its professional qualifications first in order to work efficiently. In this regard, members of the Supervisory Committee will receive more trainings, attend relevant programs in a planned manner and persist in self-improvement this year in an attempt to broaden their professional knowledge and improve their professional capabilities so as to further safeguard the interests of the Company and the Shareholders. It will strictly comply with the laws, regulations and the Articles of Association of the Company, conscientiously discharge their duties and better perform the supervisory duties of the Supervisory Committee.

By the order of the Supervisory Committee

Miao Junhong

Chairman of the Supervisory Committee

27 March 2020

During our tenure as Independent Non-executive Directors of Beijing Jingcheng Machinery Electric Company Limited (the “Company”), we strictly complied with laws and regulations such as the Securities Law, the Company Law, the Rules for Corporate Governance of Listed Companies and Guidance on the Establishment of Independent Directors System by Listed Companies, as well as the Articles of Association and the work system for Independent Directors. We sincerely performed our responsibilities and duties diligently and conscientiously adhering to the principle of independence, objectivity and fairness, grasped the production and management condition of the Company in a timely manner, paid close attention to the comprehensive development of the Company, proactively attended relevant meetings, carefully considered the Board resolutions, gave independent opinions on relevant affairs of the Company, gave full play to the role of Independent Non-executive Directors, secured the scientific decision-making of the Board and the regulated operation of the Company, properly ensured the standardized operations of the Company and protected the legal interests of Shareholders, and earnestly performed our responsibilities and duties as Independent Non-executive Directors.

We report the performance of our duties as the Independent Non-executive Directors during 2019 as follows:

I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS

(1) Personal work experiences, professional background and part-time situation

Wu Yan, Chinese, female, aged 72, She graduated from Xi’an Jiaotong University majoring in boiler design and manufacturing. Ms. Wu was a technician of the First Research & Design Institute of Nuclear Industry (核工業第一設計研究院), a technician of Tianjin Bureau of Labor, deputy director and director in the Boiler and Pressure Vessel Safety Supervision Bureau under the Ministry of Labour, director and assistant inspector of Boiler and Pressure Vessel Safety Supervision Bureau under the State Bureau of Quality Technical Supervision, assistant inspector of Special Equipment Safety Supervision Bureau under the State Administration for Quality Supervision and Inspection and Quarantine. She served as an independent non-executive director of the eighth session of the Board of the Company from 26 June 2014 to 26 June 2017. She is a deputy secretary general, secretary general and senior consultant of China Gas Cylinders Standardization Technical Committee. She is an independent non-executive director of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

Liu Ning, Chinese, male, aged 61. He obtained a bachelor’s degree of laws from China University of Political Science and Law. He was a postgraduate in international economic law of Institute for International Economics of Nankai University and a lawyer. Mr. Liu obtained his qualification of lawyer in 1984 and have been practicing as a lawyer for over thirty years, during which he had dealt with various representative cases and legal affairs, and participated in legislation and other work. Mr. Liu served as a director of Tianjin Dongfang Law Office and Beijing New Era Law Firm. He served as an independent non-executive director of the eighth session of the Board of the Company from 26 June 2014 to 26 June 2017. He is currently the director and

senior partner of B.J.H & New Era Law Firm (北京市公元博景泓律師事務所), member of the Economics Committee of All-China Lawyers Association, member of the Legislative Committee of the Central Committee of China Democratic League, researcher of Food and Drug Industry Development and Regulatory Research Center of Chinese Academy of Social Sciences, deputy director of the Social and Legal Affairs Committee of Beijing Municipal Committee of China Democratic League and an independent non-executive director of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

Yang Xiaohui, Chinese, male, aged 52. He has a bachelor's degree and is a certified public accountant, certified tax agent, certified public valuer (non-practicing member) and senior accountant in China. Mr. Yang was a teacher of North China University of Technology, department manager, deputy general manager and partner of Zhonghengxin, China Rightson Certified Public Accountants and RSM China Certified Public Accountants, and also served as the member of the technical committee of Beijing Institute of Certified Public Accountants. He served as an independent non-executive director of the eighth session of the Board of the Company from 26 June 2014 to 26 June 2017. He is currently the partner of Shinewing Certified Public Accountants and an independent non-executive director of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

Fan Yong, Chinese, male, aged 47. He obtained a master degree from Tsinghua University. Mr. Fan worked as the head of Investment Banking Division in Qinghai Securities, deputy director of general office of Shengli Oil Field Dynamic Group Co., Ltd. (Dynamic), deputy general manager of Felsted (Beijing) Investment Co., Ltd. (佛爾斯特(北京)投資有限責任公司), general manager of Capital Investment Department of Rising Securities Co., Ltd., business director of Investment Bank Headquarters of Qilu Securities Co., Ltd., director of Investment Banking of Zhong De Securities Co., Ltd. He served as an independent non-executive director of the eighth session of the Board of the Company from 26 June 2014 to 26 June 2017. He is currently a founding partner of Beijing Yi Hui Jin Tong Asset Management Co., Ltd. (北京易匯金通資產管理有限公司), chairman of Cyphy Technology (Xiamen) Co.,Ltd. and an independent director of Shenzhen Fountain Corp., a listed company, and an independent non-executive director of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

(2) Positions held in the Board committees

We actively participate in the Board committees, focusing on exerting our own professional advantages to provide strong support for the scientific decision-making of the Board and related Board committees. Our positions in the Board committees are as follows:

1. Members of the Strategic Committee: Wu Yan;

2. Members of the Audit Committee: During the Reporting Period: Yang Xiaohui (Chairman of the committee), Fan Yong;

As at the date of disclosure: Fan Yong (Chairman of the committee), Liu Ning;

(Description: The board of directors of the Company received the written resignation letter submitted by Mr. Yang Xiaohui, an independent non-executive director on 27 February 2020. The resignation will take effect upon the election of a new independent non-executive director in a general meeting of the Company to fill his vacancy. Before the resignation takes effect, Mr. Yang will still perform the duties of an independent non-executive director and the chairman of the audit committee of the board. Thereafter, in accordance with relevant laws and regulations and various rules and regulations of the Company, Mr. Fan Yong was nominated and appointed as the chairman of the audit committee of the ninth session of the Board of the Company and Mr. Liu Ning was nominated and appointed as a member of the audit committee for the term commencing from 28 February 2020 until the 2019 annual general meeting.)

3. Members of the Remuneration and Monitoring Committee: Wu Yan (Chairman of the committee), Liu Ning;
4. Members of the Nomination Committee: Liu Ning (Chairman of the committee), Fan Yong.

(3) Statement on whether the independence is affected

The Board of the Company received the written resignation letter submitted by Mr. Yang Xiaohui, an independent non-executive director on 27 February 2020. Due to job changes, Mr. Yang Xiaohui is no longer qualified to be an independent non-executive director of the Company. He tendered his resignation from the positions of independent non-executive director and the chairman of the audit committee of the board. Upon his resignation taking effect, Mr. Yang Xiaohui will no longer hold any position in the Company

In accordance with the statutory procedures, the Company nominated and appointed Mr. Fan Yong as the chairman of the Audit Committee of the ninth session of the Board of the Company and Mr. Liu Ning as a member of the Audit Committee for the term commencing from 28 February 2020 until the 2019 annual general meeting. Since 28 February 2020, Mr. Yang Xiaohui no longer serves as the chairman and member of the Audit Committee.

Since the number of independent non-executive directors of the Company is less than one third of the members of the board after the resignation of Mr. Yang Xiaohui during his term of office, according to relevant regulations including the Guidance on Establishment of Independent Directors System by Listed Companies (《關於在上市公司

建立獨立董事制度的指導意見》) of the China Securities Regulatory Commission and the articles of association of the Company, the resignation will take effect upon the election of a new independent non-executive director in a general meeting of the Company to fill his vacancy. Before the resignation takes effect, Mr. Yang Xiaohui will still perform the duties of an independent non-executive director in accordance with relevant laws and regulations and various rules and regulations of the Company.

Save for the above, none of us holds any duties other than that of the Independent Directors, or holds any duties in major Shareholders of the Company. There is no relationship between us and the Company and its major Shareholders or interested institutions and persons that may have impact on our independent and objective judgments. None of us gains additional interests which are not disclosed from the Company and its major Shareholders or interested institutions and persons. As such, the independence is not affected.

Save for the above, during 2019, as the Independent non-executive Directors of the Company, we earnestly executed our powers, performed our duties according to laws and regulations, put our role as Independent non-executive Directors into full play, and properly ensured the standardized operations of the Company and protected the interests of Shareholders as a whole, without allowing any issue to affect our independence.

II. ATTENDANCE OF MEETINGS

As independent Directors, we proactively understood and obtained conditions and materials required for making decisions before the Board meetings, understood the operation of the Company in detail and made full preparation for making important decisions of the Board meetings. At the meetings, we carefully considered the resolutions, actively participated in discussions and proposed rational proposals, thereby playing a positive role in the scientific decision-making of the Board.

In 2019, the Company held 7 general meetings and 13 Board meetings (in which: 10 meetings were held on-site and 3 meetings were held through communication equipment). Our attendance and votes are as follows:

(1) Attendance of the Board meetings:

Name of Director	Independent Director or not	Required attendance during the year	Attendance in person	Attendance by communication equipment		Absence	Absence from two consecutive meetings or not	Number of general meetings attended
				Attendance by communication equipment	Attendance by proxy			
Wu Yan	Yes	13	10	3	0	0	No	7
Liu Ning	Yes	13	10	3	0	0	No	7
Yang Xiaohui	Yes	13	10	3	0	0	No	7
Fan Yong	Yes	13	10	3	0	0	No	4

(2) Objection to the Relevant Matters of the Company:

Name of Director	Independent Director or not	Objections raised	Details of objection	Remark
Wu Yan	Yes	No	No	–
Liu Ning	Yes	No	No	–
Yang Xiaohui	Yes	No	No	–
Fan Yong	Yes	No	No	–

III. HIGHLIGHTS OF THE PERFORMANCE OF DUTIES BY THE INDEPENDENT DIRECTORS FOR THE YEAR

In 2019, we continue to pay attention to the operating results of the Company and the implementation of the resolutions of the shareholders' meetings and Board meetings, the completeness and authenticity of information disclosure, the nomination and remuneration of senior management members; possible matters that may cause significant impact or loss that harm the interests of minority Shareholders. There are mainly the following aspects:

(1) Connected Transactions:

- On 16 January 2019, we, being the independent Directors of the Company, have completed a prior review of the connected transaction proposed by the Company to the eleventh extraordinary meeting of the ninth session of the Board for consideration, and express our opinion for approval as follows:

The resolution in relation to the transfer of 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by Beijing Tianhai Industry Co., a subsidiary of the Company through public tender, and the authorization of the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price based on a minimum consideration not less than the valuation results approved by Beijing SASAC.

- The connected transactions entered into between the Company and related parties are normal commercial activities, which are in line with the principle of fair transaction and marketization. The pricing is objective, fair and reasonable as well as in compliance with the requirement of relevant laws and regulations and the Article of Association of the Company, and does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
- We agree to submit the above resolution to the eleventh extraordinary meeting of the ninth session of the Board of the Company for consideration.

- 3) Yong'an Heli holds 49% equity interests in Shandong Tianhai, as such, Yong'an Heli is a connected person at the subsidiary level of the Company, and Yong'an Heli does not give up its pre-emptive right as an original shareholder of Shandong Tianhai. Therefore, no connected Directors shall abstain from voting when considering the above resolution.
2. On 16 January 2019, we, being the independent Directors of the Company, after reviewing relevant resolutions at the eleventh extraordinary meeting of the ninth session of the Board, express our independent opinion on the connected transaction resolution considered and approved on this meeting as follows:

The resolution in relation to the transfer of 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by Beijing Tianhai Industry Co., a subsidiary of the Company through public tender, and the authorization of the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price based on a minimum consideration not less than the valuation results approved by Beijing SASAC.

- (1) At the eleventh extraordinary meeting of the ninth session of the Board, the resolution relating to the connected transactions of the Company was considered in compliance with the requirements for information disclosure and decision-making procedures of the Company.
- (2) The connected transactions entered into between the Company and related parties are conformed to the need of corporate operation business and long-term strategic development. It is in the best interest of the Company and its Shareholder as a whole and in line with the principle of fair transaction and marketization. The pricing is objective, fair and reasonable as well as in compliance with the requirement of relevant laws and regulations and the Article of Association of the Company. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
- (3) Yong'an Heli holds 49% equity interests in Shandong Tianhai, as such, Yong'an Heli is a connected person at the subsidiary level of the Company, and Yong'an Heli does not give up its pre-emptive right as an original shareholder of Shandong Tianhai. Therefore, no connected Directors shall be abstained from voting. Such connected transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.

The above connected transactions have been approved on the 2019 first extraordinary general meeting.

3. On 30 April 2019, we, being the independent Directors of the Company, have completed a prior review of the resolution in relation to the non-public issuance of A Shares of the Company, which involves connected transactions proposed by the Company to the thirteenth extraordinary meeting of the ninth session of the Board for consideration, and express our opinion for approval as follows:
 - 1) The plan for the non-public issuance of A Shares is the non-public issuance of A Shares to Beijing Jingcheng Machinery Electric Holding Co., Ltd. by the Company. In accordance with relevant requirements of the Listing Rules of Shanghai Stock Exchange, non-public issuance of A Shares constitutes a connected transaction. The non-public issuance of A Shares involves connected transactions and shall perform approval procedures of the Board and relevant information disclosure obligations in accordance with relevant regulations. In accordance with the regulations, connected directors shall abstain themselves from considering the above connected transactions during the Board meeting.
 - 2) The connected transactions involved in the non-public issuance of A Shares are in line with the principles of open, fairness and impartiality. The pricing method for the connected transaction is fair and reasonable and does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
 - 3) The non-public issuance of A Shares is conducive in improving the asset quality and profitability of the Company, and enhancing the operational capability and hard power of the Company.
4. On 6 May 2019, we, as the independent Directors of the Company, after reviewing the resolutions at the thirteenth extraordinary meeting of the ninth session of the Board, express our independent opinion on the resolution in relation to the non-public issuance of A Shares, which involves connected transaction being considered and approved on this meeting as follows:
 - 1) The plan for non-public issuance of A Shares is practical and feasible. After the completion of this non-public issuance of A Shares, it will help to improve asset quality and profitability of the Company, and enhance the operational capability and hard power of the Company. The plan and budget for non-public issuance of A Shares are in compliance with the requirements of relevant laws, regulations and regulatory documents including the Companies Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Administration Measures on Securities Issuance of Listed Companies.

- 2) The non-public issuance of A Shares constitutes a connected transaction. The pricing method for the connected transaction is fair and reasonable and does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
- 3) The convening procedure and the voting procedures adopted at the thirteenth extraordinary meeting of the ninth session of the Board of the Company for considering the non-public issuance and relevant matters are in compliance with the requirements of relevant laws, regulations and the Article of Association of the Company. When considering resolutions involving matters of connected transactions or interests of related party, Wang Jun, Jin Chunyu, Du Yuexi, Xia Zhonghua and Li Chunzhi, the connected directors in relation to the resolutions, abstained themselves from voting as required. The procedures performed by the Board in considering resolutions related to connected transaction are in compliance with laws and regulations of the Companies Law of the People's Republic of China and Securities Law of the People's Republic of China and relevant requirements of the Article of Association of the Company. The resolutions passed at the meeting are legal and effective.
- 4) We agreed on the resolutions related to matters of connected transaction and relevant resolutions involving the non-public issuance of A Shares, subscription, whitewash waiver and specific mandate.

The above connected transactions were approved at the 2019 second extraordinary general meeting, the first A Shares class meeting of 2019 and the first H Shares class meeting of 2019.

5. On 22 July 2019, we, being the independent Directors of the Company, have completed a prior review of the resolution in relation to the amendments to the terms of tender in relation to the transfer of 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by the Company through Beijing Tianhai Industry Co., Ltd. through public tender, and the authorization of the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price based on a minimum consideration of not less than 90% of the valuation results approved by Beijing SASAC, proposed by the Company to the fourteenth extraordinary meeting of the ninth session of the Board, and express our opinion for approval as follows:
 - 1) Yong'an Heli holds 49% equity interests in Shandong Tianhai, as such, Yong'an Heli is a connected person at the subsidiary level of the Company, and Yong'an Heli does not give up its pre-emptive right as an original shareholder of Shandong Tianhai. Therefore, no connected Directors shall be abstained from voting when considering the above resolution. Such connected transaction does not harm the interest of the

Company and its Shareholders, especially the minority Shareholders. It was considered as the standards for information disclosure and decision-making procedures of the Company.

- 2) The connected transactions entered into between the Company and related parties are conformed to the need of corporate operation business and long-term strategic development. It is in the best interest of the Company and its Shareholder as a whole and in line with the principle of fair transaction and marketization. The pricing is objective, fair and reasonable as well as in compliance with the requirement of relevant laws and regulations and the Articles of Association of the Company. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
 - 3) We agreed on the resolution in relation to the amendments to the terms of tender in relation to the transfer of 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by the Company through Beijing Tianhai Industry Co., Ltd. through public tender, and the authorization of the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price based on a minimum consideration of not less than 90% of the valuation results approved by Beijing SASAC and relevant matters of the transfer, and will be proposed to the fourteenth extraordinary meeting of the ninth session of the Board of the Company for consideration.
6. On 22 July 2019, we, being the independent Directors of the Company, have considered the resolution in relation to the amendments to the terms of tender in relation to the transfer of 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by the Company through Beijing Tianhai Industry Co., Ltd. through public tender, and the authorization of the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price based on a minimum consideration of not less than 90% of the valuation results approved by Beijing SASAC, to be considered at the fourteenth extraordinary meeting of the ninth session of the Board of the Company, and express our independent opinion as follows:
- 1) Yong'an Heli holds 49% equity interests in Shandong Tianhai, as such, Yong'an Heli is a connected person at the subsidiary level of the Company, and Yong'an Heli does not give up its pre-emptive right as an original shareholder of Shandong Tianhai. Therefore, no connected Directors shall be abstained from voting when considering the above resolution. Such connected transactions do not harm the interest of the Company and its Shareholders, especially the minority Shareholders. It was considered as the standards for information disclosure and decision-making procedures of the Company.

- 2) The connected transactions entered into between the Company and related parties are conformed to the need of corporate operation business and long-term strategic development. It is in the best interest of the Company and its Shareholder as a whole and in line with the principle of fair transaction and marketization, the pricing is objective, fair and reasonable as well as in compliance with the requirement of relevant laws and regulations and the Articles of Association of the Company. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
- 3) We agreed on the resolution in relation to the amendments to the terms of tender in relation to the transfer of 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by the Company through Beijing Tianhai Industry Co., Ltd. through public tender, and the authorization of the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price based on a minimum consideration of not less than 90% of the valuation results approved by Beijing SASAC and relevant matters of the transfer, and will be proposed to the third extraordinary general meeting of 2019 of the Company for consideration.

The above connected transactions have been approved on the 2019 third extraordinary general meeting.

7. On 22 July 2019, we, being the independent Directors of the Company, have completed a prior review of the resolution in relation to the entering into agreements and connected transactions between Beijing Tianhai Industry Co., Ltd. and Shandong Yong'an Heli Steel Cylinder Co., Ltd., proposed by the Company to the fifteenth extraordinary meeting of the ninth session of the Board, and express our opinion for approval as follow:
 - 1) Yong'an Heli holds 49% equity interests in Shandong Tianhai, as such, Yong'an Heli is a connected person at the subsidiary level of the Company. The related parties provided a bank guarantee letter of RMB5.5 million to Beijing Tianhai, a subsidiary of the Company, and paid RMB16.58 million to the joint escrow account, which guarantees the interests of the Company, and does not harm the interest of minority Shareholders. The Company did not make promise to the related party that it will inevitably become a successful bidder after signing the letter of intent, and the bidding procedures shall be performed in accordance with regulations of the CBEX.

No connected Directors shall be abstained from voting when considering the above resolution. Such transactions do not harm the interest of the Company and its Shareholders, especially the minority Shareholders. It was considered as the standards for information disclosure and decision-making procedures of the Company.

- 2) The connected transactions entered into between the Company and the related party are normal commercial activities, which are in line with the principle of fair transaction and marketization. The pricing is objective, fair and reasonable as well as in compliance with the requirement of relevant laws and regulations and the Articles of Association of the Company. There were no circumstances to the detriment of the interest of the Company and its shareholders, especially the minority Shareholders.
 - 3) We agree to submit the resolution in relation to the entering into agreements and connected transactions between Beijing Tianhai Industry Co., Ltd. and Shandong Yong'an Heli Steel Cylinder Co., Ltd. to the fifteenth extraordinary meeting of the ninth session of the Board of the Company for consideration.
8. On 24 July 2019, we, being the independent Directors of the Company, have considered the resolution in relation to the entering into agreements and connected transactions between Beijing Tianhai Industry Co., Ltd. and Shandong Yong'an Heli Steel Cylinder Co., Ltd., to be considered at the fifteenth extraordinary meeting of the ninth session of the Board of the Company, and express our independent opinion as follows:
- 1) Yong'an Heli holds 49% equity interests in Shandong Tianhai, as such, Yong'an Heli is a connected person at the subsidiary level of the Company. The related party provided a bank guarantee letter of RMB5.5 million to Beijing Tianhai, a subsidiary of the Company, and paid RMB16.58 million to the joint escrow account, which guarantees the interests of the Company, and does not harm the interest of minority Shareholders. The Company did not make promise to the related parties that it will inevitably become a successful bidder after signing the letter of intent, and the bidding procedures shall be performed in accordance with regulations of the CBEX.

No connected Directors shall abstain from voting when considering the above resolution. Such transactions do not harm the interest of the Company and its Shareholders, especially the minority Shareholders. It was considered as the standards for information disclosure and decision-making procedures of the Company.

- 2) The connected transactions entered into between the Company and the related party are conformed to the need of corporate operation business and long-term strategic development. It is in the best interest of the Company and its Shareholder as a whole and in line with the principle of fair transaction and marketization. The pricing is objective, fair and reasonable as well as in compliance with the requirement of relevant

laws and regulations and the Articles of Association of the Company. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.

- 3) We agree to submit the resolution in relation to the entering into agreements and connected transactions between Beijing Tianhai Industry Co., Ltd. and Shandong Yong'an Heli Steel Cylinder Co., Ltd. to the third extraordinary general meeting of 2019 of the Company for consideration.

The above connected transactions have been approved on the 2019 third extraordinary general meeting.

9. On 23 October 2019, we, being the independent Directors of the Company, have completed a prior review of the connected transactions proposed by the Company to the tenth meeting of the ninth session of the Board, and express our opinion for approval as follows:
 - a) To consider the resolution in relation to the entering into Gas Cylinder Pipe Sale and Purchase Framework Agreements and the continuing connected transactions between Tianjin Tianhai High Pressure Containers Co., Ltd. and Tianjin Pipe Steel Trade Co., Ltd. and between Kuancheng Tianhai High Pressure Containers Co., Ltd. and Tianjin Pipe Steel Trade Co., Ltd.
 - 1) The connected transaction between the Company and the connected person is normal business operations of the Company and belongs to normal business practice. It is in the best interest of the Company and its Shareholder as a whole. In line with the principle of fair transaction and marketization, the pricing is objective, fair and reasonable as well as in compliance with the requirement of relevant laws and regulations and the Articles of Association of the Company. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
 - 2) We agree to submit the above resolutions to the tenth meeting of the ninth session of the Board of the Company for consideration.
 - 3) The connected Directors shall abstain themselves from voting when considering the above resolution.
 - b) To consider the resolution in relation to the proposal to the general meeting for the approval of Beijing Jingcheng Machinery Electric Holding Co., Ltd. to be exempted from increasing holding in A Shares of the Company by way of offer

- 1) The Company intends to issue non-public A Share of not exceeding 84,400,000 shares (inclusive) ordinary shares, and Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“Jingcheng Machinery Electric”) agreed to fully subscribe for the shares under the non-public issuance by RMB in cash. Jingcheng Machinery Electric is a controlling shareholder of the Company, currently holding 43.30% shares of the Company. If the non-public issuance is successfully implemented, the proportion of Jingcheng Machinery Electric’s shareholding in the Company will increase, which triggers its obligation to make a general offer.
 - 2) Pursuant to the “Conditional Subscription Agreement on the Non-public Issuance of A Shares”, the new shares of the Company subscribed by Jingcheng Machinery Electric shall not be transferred within 36 months from the date of the completion of non-public issuance. The conduct of subscribing the non-public issuance of shares of the Company by Jingcheng Machinery Electric is in compliance with relevant regulations of the exemption application for offer acquisition of the “Administration Measures on the Acquisition of Listed Companies”. The connected Directors shall abstain as required when the Board is considering the above matters.
 - 3) We consider Jingcheng Machinery Electric to be exempted from increasing its holding in A Shares of the Company by way of offer is in compliance with the requirements of the “Administration Measures on the Acquisition of Listed Companies”. It does not harm the interest of the Company and its Shareholders as a whole. Therefore, we agreed to propose this resolution to the tenth meeting of the ninth session of the Board of the Company for consideration.
10. On 30 October 2019, we, being the Independent Directors, after reviewing relevant resolutions at the tenth meeting of the ninth session of Board, express our independent opinion on the connected transaction resolution considered and approved on this meeting as follows:
- a) To consider the resolution in relation to the entering into Gas Cylinder Pipe Sale and Purchase Framework Agreements and the continuing connected transactions between Tianjin Tianhai High Pressure Containers Co., Ltd. and Tianjin Pipe Steel Trade Co., Ltd. and between Kuancheng Tianhai High Pressure Containers Co., Ltd. and Tianjin Pipe Steel Trade Co., Ltd.
 - 1) At the tenth meeting of the ninth session of the Board of the Company, the resolution in relation to the entering into Gas Cylinder Pipe Sale and Purchase Framework Agreements and the

continuing connected transactions between Tianjin Tianhai High Pressure Containers Co., Ltd. and Tianjin Pipe Steel Trade Co., Ltd. and between Kuancheng Tianhai High Pressure Containers Co., Ltd. and Tianjin Pipe Steel Trade Co., Ltd. and connected transaction were considered in compliance with the requirements for information disclosure and decision-making procedures of the Company.

- 2) The pricing of the above connected transactions is objective, fair and reasonable as well as in compliance with the requirement of relevant laws and regulations and the Articles of Association of the Company.
 - 3) No connected Directors shall abstain themselves from voting when considering and voting for the above resolution. Such transaction does not harm the interest of the Company and its Shareholders, especially the interest of minority Shareholders.
- b) To consider the resolution in relation to the proposal to the general meeting for the approval of Beijing Jingcheng Machinery Electric Holding Co., Ltd. to be exempted from increasing holding in A Shares of the Company by way of offer
- 1) The Company intends to issue non-public A Share of not exceeding 84,400,000 shares (inclusive) ordinary shares, and Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“Jingcheng Machinery Electric”) agreed to fully subscribe for the shares under the non-public issuance by RMB in cash. Jingcheng Machinery Electric is a controlling shareholder of the Company, currently holding 43.30% shares of the Company. If the non-public issuance is successfully implemented, the proportion of Jingcheng Machinery Electric’s shareholding in the Company will increase, which triggers its obligation to make a general offer.
 - 2) Pursuant to the “Conditional Subscription Agreement on the Non-public Issuance of A Shares”, the new shares of the Company subscribed by Jingcheng Machinery Electric shall not be transferred within 36 months from the date of the completion of non-public issuance. The conduct of subscribing the non-public issuance of shares of the Company by Jingcheng Machinery Electric is in compliance with relevant regulations of the exemption application for offer acquisition of the “Administration Measures on the Acquisition of Listed Companies”. The Board of the Company agreed the submission of exempting Jingcheng Machinery Electric from increasing holding in the shares of the Company to the general meeting. The connected directors abstained from voting as required.

- 3) We consider Jingcheng Machinery Electric to be exempted from increasing holding in A Shares of the Company by way of offer is in compliance with the requirements of the “Administration Measures on the Acquisition of Listed Companies”. It does not harm the interest of the Company and its Shareholders as a whole. Therefore, we agreed to exempt Jingcheng Machinery Electric from increasing holding in the shares of the Company by way of offer, and agreed to propose this resolution to the general meeting for consideration.

The above connected transactions have been approved on the 2019 fourth extraordinary general meeting.

11. On 27 November 2019, we, being the independent Directors, have completed a prior review of the connected transactions proposed by the Company to the eighteenth extraordinary meeting of the ninth session of the Board, and express our opinion for approval as follows:
 - 1) No connected Directors shall abstain from voting when considering the above resolution. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders. It was considered as the standards for information disclosure and decision-making procedures of the Company.
 - 2) The connected transactions entered into between the Company and connected parties are conformed to the need of corporate operation business and long-term strategic development. It is in the best interest of the Company and its Shareholder as a whole and in line with the principle of fair transaction and marketization. The pricing is objective, fair and reasonable as well as in compliance with the requirement of relevant laws and regulations and the Articles of Association of the Company. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
 - 3) We agree to submit the resolution in relation to the registered share capital reduction of BTIC America Corporation to realize the project of withdrawal of part of shares by the foreign shareholders to the eighteenth meeting of the ninth session of the Board of the Company for consideration.
12. On 4 December 2019, we, being the independent Directors, after reviewing relevant resolutions at the eighteenth extraordinary meeting of the ninth session of the Board, expressed our independent opinion on the connected transaction resolution considered and approved on this meeting as follows:

- 1) No connected Directors shall abstain from voting when considering the above resolutions. Such transactions do not harm the interest of the Company and its Shareholders, especially the minority Shareholders. It was considered as the standards for information disclosure and decision-making procedures of the Company.
- 2) The connected transactions entered into between the Company and connected parties are conformed to the need of corporate operation business and long-term strategic development. It is in the best interest of the Company and its Shareholder as a whole and in line with the principle of fair transaction and marketization. The pricing is objective, fair and reasonable as well as in compliance with the requirement of relevant laws and regulations and the Articles of Association of the Company. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
- 3) We agreed on the resolution in relation to the registered share capital reduction of BTIC America Corporation to realize the project of withdrawal of part of the shareholding by the foreign shareholders.

(2) External guarantee and misappropriation of capital

There were no external guarantee and misappropriation of capital of the Company.

(3) Mortgage loan

1. The resolution in relation to Shanghai Tianhai Composite Cylinders Co., Ltd., a subsidiary of the Company to provide financing guarantee to Kuancheng Tianhai High Pressure Containers Co., Ltd., agreeing the authorization to the Shanghai Tianhai Composite Cylinders Co., Ltd. to provide financing guarantee of RMB20 million to Kuancheng Tianhai High Pressure Containers Co., Ltd was considered and approved at the twelfth extraordinary meeting of the ninth session of the Board of the Company on 30 January 2019. The adoption of real estate residual value by Kuancheng Tianhai High Pressure Containers Co., Ltd. was agreed to provide counter guarantee for Shanghai Tianhai Composite Cylinders Co., Ltd. For the above resolutions, we attended the relevant board meeting and had no objection.
2. The resolution in relation to Tianjin Tianhai High Pressure Containers Co., Ltd., a subsidiary of Beijing Tianhai Industrial Co., Ltd., obtaining letters of credit by way of security from Huaxia Bank and Shanghai Pudong Development Bank was considered and approved at the nineteenth extraordinary meeting of the ninth session of the Board of the Company on 16 December 2019. For the above resolutions, we attended the relevant board meeting and had no objection.

(4) Disposal of assets

1. The resolution in relation to the transfer of 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by Beijing Tianhai Industry Co., a subsidiary of the Company, through public tender, and the authorization of the board of directors of Beijing Tianhai to determine the transfer-related matters including the listing price based on a minimum consideration not less than the valuation results approved by Beijing SASAC, was considered and approved at the eleventh extraordinary meeting of the ninth session of the Board of the Company on 16 January 2019. For the above resolutions, we attended the relevant board meeting and had no objection.
2. The resolution in relation to the amendments to the terms of tender in relation to the transfer of the 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by Beijing Tianhai Industry Co., Ltd. through public tender, and the authorization of the board of directors of Beijing Tianhai to determine the transfer related matters including the listing price based on a minimum consideration of not less than 90% of the valuation results approved by Government State-owned Assets Supervision and Administration Commission, was considered and approved at the fourteenth extraordinary meeting of the ninth session of the Board of the Company on 22 July 2019. For the above resolutions, we attended the relevant board meeting and had no objection.
3. The resolution in relation to the entering into agreement and connected transactions between Beijing Tianhai Industry Co., Ltd. and Shandong Yong'an Heli Steel Cylinder Co., Ltd., was considered and approved at the fifteenth extraordinary meeting of the ninth session of the Board of the Company on 24 July 2019. For the above resolution, we attended the relevant board meeting and had no objection.

(5) Nomination and Remuneration of Directors and senior management officers:

On 25 March 2019, the resolution in relation to the result of the Remuneration and Performance Assessment for the Senior Management of the Company for the year 2018 was considered and approved at the seventh meeting of the ninth session of the board of directors of the Company. For the above-mentioned resolution, we participated relevant board of directors meeting with no disagreement.

On 22 July 2019, the resolution in relation to the proposal to nominate Mr. Wu Yanzhang as a candidate for non-executive director of the ninth session of the board of director was considered and approved at the fourteenth extraordinary meeting of the ninth session of the board of directors of the Company. For the above-mentioned resolution, we participated relevant board of directors meeting with no disagreement.

On 30 October 2019, the resolution in relation to the appointment of Ms. Yang Yi as the general counsel of the Company was considered and approved at the tenth meeting of the ninth session of the board of directors of the Company. For the above-mentioned resolution, we participated relevant board of directors meeting with no disagreement.

(6) Results forecast and preliminary results estimate

During the reporting period, the Company disclosed the annual results forecast for 2018, of which the illustration results were in a timely manner, accurate and complete.

(7) Engagement or change of external auditors

1. On 20 March 2019, we, being the Independent Directors of the Company, have completed a prior review of the relevant resolutions proposed by the Company to the seventh meeting of the ninth session of the Board for approval, and express our opinion for approval as follow:

- I. The appointment of the audit organization for the 2019 financial report of the Company

ShineWing Certified Public Accountants (Special General Partnership) is qualified to participate in securities related matters. During the auditing process of financial report over the past years, ShineWing Certified Public Accountants (Special General Partnership) can conduct the audit in accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and justice in the audit. It has smoothly completed the audit of the 2018 financial report of the Company and no violation of professional ethics among it and its staff or intention to affect the independent audit among it and its staff has been discovered. We agreed to propose the re-appointment of ShineWing Certified Public Accountants (Special General Partnership) as the audit organization for the 2019 financial report of the Company to the Board for consideration and approval.

Having considered the scale of the Company and the workload of auditing, we were of the view that payment for the audit fee for 2018 to ShineWing Certified Public Accountants (Special General Partnership) was reasonable.

- II. The appointment of the audit organization for the 2019 internal control report of the Company

Da Hua Certified Public Accountants (Special General Partnership) is qualified to participate in securities related matters. During the auditing process of internal control report over the past years, Da Hua Certified Public Accountants (Special General Partnership) can conduct the audit in

accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and impartiality in the audit. It has smoothly completed the audit of the 2018 internal control report of the Company and no violation of professional ethics among it and its staff or intention to affect the independent audit among it and its staff has been discovered. We agreed to propose the reappointment of Da Hua Certified Public Accountants (Special General Partnership) as audit organization for the 2019 internal control report of the Company to the Board for consideration and approval.

Having considered the scale of the Company and the workload of auditing, we were of the view that payment for the audit fee for 2018 to Da Hua Certified Public Accountants (Special General Partnership) was reasonable.

2. On 25 March 2019, as the Independent Non-executive Directors of the Company, according to relevant laws and regulations including Standards for the Governance of Listed Companies and the Guidance on Establishment of Independent Directors System by Listed Companies and relevant requirements of the Articles of Association and Independent Director System of the Company, after understanding and reviewing relevant resolutions at the seventh meeting of the ninth session of Board, in respect of certain Board resolutions, we were of the opinion that:

As the Independent Non-executive Directors of the ninth session of Board of the Company, after reviewing relevant documents, we are of the opinion that:

- I. The re-appointment of the audit organization for the 2019 financial report of the Company

ShineWing Certified Public Accountants (Special General Partnership) is qualified to participate in securities related matters. During the auditing process of financial report over the past years, ShineWing Certified Public Accountants (Special General Partnership) can conduct the audit in accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and impartiality in the audit. It has smoothly completed the audit of the 2018 financial report of the Company and no violation of professional ethics among it and its staff or intention to affect the independent audit among it and its staff has been discovered. We agreed to re-appoint ShineWing Certified Public Accountants (Special General Partnership) as the audit organization for the 2019 financial report of the Company, which includes financial statement of the Company and its subsidiaries within the scope of the consolidated statements and specific audit report for the year 2019 on the use of capitals by controlling Shareholder and other connected persons.

II. The re-appointment of the audit organization for the 2019 internal control report of the Company

Da Hua Certified Public Accountants (Special General Partnership) is qualified to participate in securities related matters. During the auditing process of internal control report over the past years, Da Hua Certified Public Accountants (Special General Partnership) can conduct the audit in accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and impartiality in the audit. It has smoothly completed the audit of the 2018 internal control report of the Company and no violation of professional ethics among it and its staff or intention to affect the independent audit among it and its staff has been discovered. We agreed to re-appoint Da Hua Certified Public Accountants (Special General Partnership) as audit organization for the 2019 internal control report of the Company, which includes giving effective audit opinion in respect of internal control of financial statement and disclosing major disadvantages of internal control of non-financial report.

(8) Commitments fulfilled by the Company and Shareholders

The Company and its Shareholders have strictly fulfilled the commitments. No violation to the commitments among the Company, controlling Shareholders and de facto controller has been discovered.

(9) Implementation of information disclosure

During 2019, the Company disclosed information on a truthful, accurate, timely and complete basis, in strict compliance with the requirements under relevant laws and regulations, including Security Laws, Rules Governing the Listing of Stocks in Hong Kong and the PRC and the Administrative Measures for Disclosure of Information of Listed Companies and the Articles of Association.

(10) Implementation of internal control

The Company has established a relatively comprehensive internal control system which is in compliance with the requirements of relevant laws of the State, administrative rules and regulations and departmental measures. The internal control system is legal, reasonable and effective. It can ensure the operation of the Company to develop in order, ensure the financial information of the Company to be true, legal, complete, ensure to disclose the information in a true, accurate, complete and timely manner, ensure to be fair, open, justiciable to all investors and ensure the protect the interests of the Company and the investors.

(11) Operations of the Board and its special committees

The Board has set up four special committees, namely the strategic committee, audit committee, nomination committee and remuneration and monitoring committee. Each of the committees actively works and performs the duties, which procures the conduction of all operating activities of the Company. In 2019, the Company held 2 strategic committee meetings of the Board, 7 audit committee meetings of the Board, 3 nomination committee meetings of the Board and 1 remuneration and monitoring committee meeting of the Board. As the special committees of the Board of the Company, we attend all the meetings to perform our duties diligently, respectively, so that the operation of the committees was normalized, and played their roles.

IV. OTHER MATTERS

1. We had not proposed to convene Board meetings;
2. We had not proposed to appoint or remove the accountant firms;
3. We had not independently engaged any external auditors and advisers.

V. OVERALL COMMENT AND ADVICE

During 2019, we diligently and faithfully performed our duties as Independent Non-executive Directors and leveraged on our respective professional expertise to give advice to the Company. In 2020, we will continue to perform our duties earnestly and follow the principle of prudence, diligence and honesty; constantly enhance our learning and professional standards, strengthen communication and decision-making ability of the Board; proactively perform our duties as Independent Non-executive Directors and effectively play our role in decision-making and supervision, so as to safeguard the Company and all Shareholders, especially the legitimate interest of minority Shareholders and enhance the robust development of the Company and help the Company to establish a good image of being honest and trustworthy.

Independent non-executive Directors:
Wu Yan, Liu Ning, Yang Xiaohui and Fan Yong

27 March 2020

THE COMPARISON TABLE OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 9 Entry into Force of the Articles of Association</p> <p>The Articles of Association passed by a special resolution at the general meeting of the shareholders on July 14, 1993 and registered at Beijing Administration of Industry and Commerce and became effective on the same day. The Articles of Association was amended by a special resolution at the general meeting of the shareholders on May 28, 1995, and respectively amended by a special resolution at the general meeting on June 11, 2002, June 12, 2003, May 24, 2004, June 8, 2005, June 27, 2006, May 26, 2009 and then became effective and superseded the foregoing Articles of Association upon being filed with the competent authorities. The foregoing Articles of Association was respectively amended by a special resolution at the general meeting on May 18, 2011, December 18, 2012, December 16, 2013, June 26, 2014 and June 9,2015. Amended by special resolutions at the general meeting of the shareholders on June 12 of 2018. Amended by special resolutions at the general meeting of the shareholders on June 21 of 2019. Amended by special resolutions at the general meeting of the shareholders on July 15 of 2019.</p> <p>Upon its entry into force, the Company’s Articles of Association shall constitute a legally binding document that regulates the Company’s organizations and activities, rights and obligations between the Company and each shareholder and among the shareholders.</p>	<p>Article 9 Entry into Force of the Articles of Association</p> <p>The Articles of Association passed by a special resolution at the general meeting of the shareholders on July 14, 1993 and registered at Beijing Administration of Industry and Commerce and became effective on the same day. The Articles of Association was amended by a special resolution at the general meeting of the shareholders on May 28, 1995, and respectively amended by a special resolution at the general meeting on June 11, 2002, June 12, 2003, May 24, 2004, June 8, 2005, June 27, 2006, May 26, 2009 and then became effective and superseded the foregoing Articles of Association upon being filed with the competent authorities. The foregoing Articles of Association was respectively amended by a special resolution at the general meeting on May 18, 2011, December 18, 2012, December 16, 2013, June 26, 2014 and June 9, 2015. Amended by special resolutions at the general meeting of the shareholders on June 12 of 2018. Amended by special resolutions at the general meeting of the shareholders on June 21 of 2019. Amended by special resolutions at the general meeting of the shareholders on July 15 of 2019. Amended by special resolutions at the general meeting of the shareholders on 9 June of 2020.</p> <p>Upon its entry into force, the Company’s Articles of Association shall constitute a legally binding document that regulates the Company’s organizations and activities, rights and obligations between the Company and each shareholder and among the shareholders.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 29 In any of the following circumstances, the Company may, in accordance with the procedures set out in the Articles of Association and with the approval of the competent authorities, repurchase its issued shares:</p> <ol style="list-style-type: none"> (1) cancelling shares for the purpose of capital reduction; (2) merging with another company that holds shares in the Company; (3) giving shares as a reward for the Company's employees; (4) merger or division resolutions proposed at the general meeting of the shareholders are opposed by some shareholders who ask the Company to repurchase their shares; (5) other circumstances permitted by laws and administrative regulations. <p>Unless in any of the aforesaid circumstances, the Company shall not engage in selling or purchasing its shares.</p>	<p>Article 29 In any of the following circumstances, the Company may, in accordance with the procedures set out in the Articles of Association and with the approval of the competent authorities, repurchase its issued shares:</p> <ol style="list-style-type: none"> (1) cancelling shares for the purpose of capital reduction; (2) merging with another company that holds shares in the Company; (3) using for employees ownership plans or share incentives; (4) merger or division resolutions proposed at the general meeting of the shareholders are opposed by some shareholders who ask the Company to repurchase their shares; (5) using for converting the corporate bonds issued by the Company which are convertible into shares; (6) protecting the Company's value and the shareholders' rights and interests when necessary. <p>Unless in any of the aforesaid circumstances, the Company shall not engage in selling or purchasing its shares.</p> <p>Acquisition by the Company of its shares due to the circumstances referred to in the preceding items (1) and (2) shall be subject to the approval in general meeting by resolutions; acquisition by the Company of its shares due to the circumstances referred to in the preceding items (3), (5) and (6) shall be subject to the approval in board meeting attended by more than two-third of the directors by resolutions in accordance with the mandate from general meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 30 Subject to the approval of the competent authorities, the Company may repurchase its shares in one of the following ways:</p> <p>(1) by making a general offer of repurchase to all its shareholders on same pro rata basis;</p> <p>(2) by repurchasing shares through public trading on a stock exchange;</p> <p>(3) by repurchasing shares outside the stock exchange by means of an agreement;</p> <p>(4) Other means accepted by the CSRC.</p>	<p>Article 30 Subject to the approval of the competent authorities, the Company may repurchase its shares in one of the following ways:</p> <p>(1) by making a general offer of repurchase to all its shareholders on same pro rata basis;</p> <p>(2) by repurchasing shares through public trading on a stock exchange;</p> <p>(3) by repurchasing shares outside the stock exchange by means of an agreement;</p> <p>(4) Other means accepted by the CSRC.</p> <p>Acquisition by the Company of its shares due to the circumstances referred to in items (3), (5) and (6) in the first paragraph of Article 29 herein shall be conducted through centralized trading in an open manner.</p>
<p>Article 32 Upon the repurchase of shares pursuant to law and Article 29 herein, in case of a circumstance specified in Article 29 (1), the Company shall cancel this part of shares within 10 days upon the purchase, and in case of a circumstance specified in Article (2) or (4), it shall make the transfer or cancellation within 6 months, and apply to the original company registration authority for the registration of the change in its registered capital.</p> <p>The aggregate par value of the cancelled shares shall be deducted from the Company’s registered capital.</p> <p>When the Company repurchases its shares in accordance with Article 29 (3) herein, the amount shall not exceed 5% of total issued shares; funds for repurchase shall be paid out from the Company’s after-tax profit, and shares repurchased shall be transferred to employees within 1 year.</p>	<p>Article 32 Upon the repurchase of shares pursuant to law and Article 29 herein, in case of the circumstance specified in item (1) of Article 29, the Company shall cancel this part of shares within 10 days upon the purchase; in case of the circumstances specified in items (2) or (4), it shall make the transfer or cancellation within 6 months; in case of the circumstances specified in items (3), (5) or (6), the total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company, and shall make the transfer or cancellation within 3 years.</p> <p>After the cancellation of the shares of the Company, it shall apply to the original company registration authority for the registration of the change in its registered capital. The aggregate par value of the cancelled shares shall be deducted from the Company’s registered capital.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 43 No change may be made in the register of shareholders as a result of a transfer of shares within thirty days prior to the general meeting of the shareholders or within five days before the record date for the company’s dividend distribution.</p>	<p>Article 43 If there are provisions in relation to book closure period prior to the general meeting or before the record date for the Company’s dividend distribution in the relevant laws and regulations and the listing rules of Hong Kong Exchanges and Clearing, those provisions shall apply.</p>
<p>Article 64 Persons of the listed company shall be independent from the controlling shareholders. Managers, financial and marketing officers and the secretary of the board of directors in the listed company shall act for nothing but the director of the units of the controlling shareholders. When a senior officer of a controlling shareholder acts concurrently as the director of the listed company, he shall ensure that he shall have sufficient time and energy to assume duties in the listed company.</p>	<p>Article 64 Persons of the listed company shall be independent from the controlling shareholders. Managers, financial and marketing officers and the secretary of the board of directors in the listed company shall act for nothing but the director and the supervisor of the units of the controlling shareholders. When a senior officer of a controlling shareholder acts concurrently as the director of the listed company, he shall ensure that he shall have sufficient time and energy to assume duties in the listed company.</p>
<p>Article 74 When the Company convenes a general meeting, a written notice of the meeting shall be given forty-five days before the date of the meeting to notify all registered shareholders of matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting twenty days before the date of the meeting.</p>	<p>Article 74 When the Company convenes an annual general meeting, a written notice of the meeting shall be given twenty working days before the date of the meeting; when the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given fifteen or ten working days (whichever is longer) before the date of the meeting. The Company shall notify all registered shareholders of the matters to be considered and the date and place of the aforementioned meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 79 The company shall, based on written replies received from shareholders twenty days before the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than one half of the Company’s total voting shares, the Company may hold the meeting; if not, the Company shall, within five days, notify the shareholders through public announcement of matters to be considered at, and the place and date for the meeting. After such an announcement, the Company may then hold the meeting. An extraordinary general meeting shall not decide on any matter not stated in the notice of the meeting.</p>	<p>To be deleted</p>
	<p>The subsequent articles will be renumbered accordingly.</p>
<p>Article 81 Notice of the general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders. For the public holders of domestic-invested Shares, notice of the meetings may also be issued by way of public announcement.</p> <p>The public announcement referred to in the preceding paragraph shall be published in one or more national newspapers designated by the securities authority of the State Council within the interval of forty-five days to fifty days before the date of the meeting; after the publication of such announcement, the holders of domestic-invested Shares shall be deemed to have received the notice of the relevant general meeting.</p>	<p>Article 80 Notice of the general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders. For the public holders of domestic-invested Shares, notice of the meetings may also be issued by way of public announcement.</p> <p>The public announcement referred to in the preceding paragraph shall be published in one or more national newspapers designated by the securities authority of the State Council; after the publication of such announcement, the holders of domestic-invested Shares shall be deemed to have received the notice of the relevant general meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 109 The following matters shall be resolved by a special resolution at a general meeting:</p> <ol style="list-style-type: none"> (1) increase or reduction of the share capital and issue of shares of any class, stock warrants or other similar securities; (2) issuance of corporate bonds; (3) division, merger, dissolution and liquidation of the Company; (4) amendments to the Articles of Association of the Company; (5) purchase or disposal of material assets or any guarantee, the amount of which exceeds 30% of the latest audited total assets of the Company; (6) share incentive scheme. <p>Other matters which may have a significant impact on the Company if passed by ordinary resolutions, which need to be passed by special resolutions.</p>	<p>Article 108 The following matters shall be resolved by a special resolution at a general meeting:</p> <ol style="list-style-type: none"> (1) increase or reduction of the share capital and issue of shares of any class, stock warrants or other similar securities; (2) repurchase of the Company’s shares; (3) issuance of corporate bonds; (4) division, merger, dissolution and liquidation of the Company; (5) amendments to the Articles of Association of the Company; (6) purchase or disposal of material assets or any guarantee, the amount of which exceeds 30% of the latest audited total assets of the Company; (7) share incentive scheme. <p>Other matters which may have a significant impact on the Company if passed by ordinary resolutions, which need to be passed by special resolutions.</p>
<p>Article 135 Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution at a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Articles 138 to Article 141.</p>	<p>Article 134 Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution at a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Article 137 to Article 140.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 137 Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders’ general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 136, but interested shareholder(s) shall not be entitled to vote at such class meetings.</p> <p>“(An) interested shareholder(s)”, as such term is used in the preceding paragraph, means:</p> <p>(1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 30, a “controlling shareholder” within the meaning of Article 60.</p> <p>(2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 30, a holder of the shares to which the proposed agreement relates.</p> <p>(3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.</p>	<p>Article 136 Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders’ general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 135, but interested shareholder(s) shall not be entitled to vote at such class meetings.</p> <p>“(An) interested shareholder(s)”, as such term is used in the preceding paragraph, means:</p> <p>(1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 30, a “controlling shareholder” within the meaning of Article 60.</p> <p>(2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 30, a holder of the shares to which the proposed agreement relates.</p> <p>(3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.</p>
<p>Article 138 Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 137, are entitled to vote thereat.</p>	<p>Article 137 Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 136, are entitled to vote thereat.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 139 A written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five days before the date of meeting. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty days before the date of meeting.</p> <p>If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; if not, the Company shall within five days give the shareholders further notice of the matters to be considered, the date and the place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.</p>	<p>Article 138 When the Company convenes a class meeting, it shall give notice in accordance with Article 74 herein in relation to the requirement of notice period for convening extraordinary general meetings. Such notice shall give such shareholders who are registered as holders of that class in the register of shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 145 Directors shall be elected at general meetings, with a term of office of 3 years. At the expiry of a director’s term of office, the term is renewable upon re-election.</p> <p>Directors shall be elected from the candidates nominated by the board of directors or shareholders representing 3% or more of the issued shares.</p> <p>A written notice stating the intention to propose a director candidate and the willingness of this person to accept the nomination shall be sent to the Company after the dispatch of the notice of the meeting and no later than seven days prior to the date of such meeting.</p> <p>The chairman shall be elected and removed by more than one half of all the members of the board of directors. The term of office for the chairman is three years, which is renewable upon re-election.</p> <p>Subject to compliance with all relevant laws and administrative regulations, the general meeting of the shareholders may, by ordinary resolution, remove any director before the expiry of his term. However, the director’s right to claim for damages arising from his removal shall not be affected thereby. However, before the expiry of his term, the general meeting shall not discharge a director from his duties without reason.</p> <p>A director needs not hold the shares of the Company.</p> <p>Managers and other senior officers may hold a concurrent post as a director. However, the total number of directors who are serving concurrently as managers or other senior officers and directors from employees’ representatives cannot exceed half of the total number of the Company’s directors.</p>	<p>Article 144 Directors shall be elected at general meetings, with a term of office of 3 years. At the expiry of a director’s term of office, the term is renewable upon re-election.</p> <p>Directors shall be elected from the candidates nominated by the board of directors or shareholders representing 3% or more of the issued shares.</p> <p>A written notice stating the intention to propose a director candidate and the willingness of this person to accept the nomination shall be sent to the Company after the dispatch of the notice of the meeting and no later than seven days prior to the date of such meeting.</p> <p>The chairman shall be elected and removed by more than one half of all the members of the board of directors. The term of office for the chairman is three years, which is renewable upon re-election.</p> <p>Subject to compliance with all relevant laws and administrative regulations, the general meeting of the shareholders may, by ordinary resolution, remove any director before the expiry of his term. However, the director’s right to claim for damages arising from his removal shall not be affected thereby.</p> <p>A director needs not hold the shares of the Company.</p> <p>Managers and other senior officers may hold a concurrent post as a director. However, the total number of directors who are serving concurrently as managers or other senior officers and directors from employees’ representatives cannot exceed half of the total number of the Company’s directors.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 170 An independent non-executive director shall have the same term of office with other directors, and may be re-elected upon the expiry of the term, but shall not serve for a consecutive period of more than 6 years. An independent non-executive director, before the expiry of his term, shall not be removed without a proper reason. Any removal prior the expiry of the term shall be disclosed as a special matter.</p>	<p>Article 169 An independent non-executive director shall have the same term of office with other directors, and may be re-elected upon the expiry of the term, but shall not serve for a consecutive period of more than 6 years. Any removal prior the expiry of the term shall be disclosed as a special matter.</p>
<p>Article 171 An independent non-executive director may resign his position before the expiry of his term provided that he submits a written resignation to the board of directors, and gives an account for any matters related to his resignation or requiring the attention of the Company’s shareholders and creditors.</p> <p>In the event that the resignation of any independent non-executive director results in the number of directors or independent non-executive directors failing below the statutory requirement or the minimum number specified in the Articles of Association, the existing directors shall continue to perform their duties in accordance with laws, administrative regulations and the Articles of Association until the reelected independent non-executive directors assume their office. The board of director shall convene a general meeting within two months to re-elect independent non-executive directors, and if a general meeting is not convened in the specified period of time, independent non-executive directors may stop performing their duties.</p>	<p>Article 170 An independent non-executive director may resign his position before the expiry of his term provided that he submits a written resignation to the board of directors, and gives an account for any matters related to his resignation or requiring the attention of the Company’s shareholders and creditors.</p> <p>In the event that the resignation of any independent non-executive director results in the number of directors or independent non-executive directors failing below the statutory requirement or the minimum number specified in the Articles of Association, the existing directors shall continue to perform their duties in accordance with laws, administrative regulations and the Articles of Association until the reelected independent non-executive directors assume their office.</p>
<p>Article 179 The manager, deputy managers, financial officers and secretary of the board are senior officers of the Company.</p> <p>A person holding a non-director position in a controlling shareholder or beneficial owner of the Company shall not be a senior officer of the Company.</p>	<p>Article 178 The manager, deputy managers, financial officers and secretary of the board are senior officers of the Company.</p> <p>A person holding a non-director position or a non-supervisor position in a controlling shareholder or beneficial owner of the Company shall not be a senior officer of the Company.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 185 The Company shall have a supervisory committee, which consists of three supervisors. The supervisory committee shall have one chairman and two supervisors. Each supervisor shall serve for a term of three years, which is renewable upon re-election and re-appointment.</p> <p>The election or removal of the chairman of the supervisory committee shall have the affirmative votes of two thirds or more of the members of the supervisory committee.</p>	<p>Article 184 The Company shall have a supervisory committee, which consists of three supervisors. The supervisory committee shall have one chairman of the supervisory committee and two supervisors. Each supervisor shall serve for a term of three years, which is renewable upon re-election and re-appointment.</p> <p>The election or removal of the chairman of the supervisory committee shall have the affirmative votes of two thirds or more of the members of the supervisory committee.</p>
<p>Article 186 The supervisory committee comprises two thirds of shareholder representatives and one third of employee representatives. Shareholder representatives shall be elected and removed at the general meeting, while employee representatives shall be elected and removed by democratic election of employees.</p> <p>The supervisory committee shall convene at least two meetings in a year, which shall be convened and presided over by the chairman of the supervisory committee. A notice shall be dispatched in person to all supervisors 14 days prior to the date of meeting.</p> <p>The notice shall include the following information:</p> <ol style="list-style-type: none"> (1) date, venue and duration of the meeting; (2) subject and topic of the meeting; (3) date on which the notice is dispatched. <p>Supervisors may propose to convene an extraordinary supervisory meeting.</p>	<p>Article 185 The supervisory committee comprises two thirds of shareholder representatives and one third of employee representatives. Shareholder representatives shall be elected and removed at the general meeting, while employee representatives shall be elected and removed by democratic election of employees.</p> <p>The supervisory committee shall convene at least two meetings in a year, which shall be convened and presided over by the chairman of the supervisory committee. A notice shall be dispatched in person to all supervisors 14 days prior to the date of meeting.</p> <p>The notice shall include the following information:</p> <ol style="list-style-type: none"> (1) date, venue and duration of the meeting; (2) subject and topic of the meeting; (3) date on which the notice is dispatched. <p>Supervisors may propose to convene an extraordinary supervisory meeting.</p>

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 213 A loan guarantee provided by the Company in breach of Article 209(1) shall not be enforceable against the Company, save in respect of the following circumstances:</p> <p>(1) the guarantee was provided in connection with a loan which was offered to an associate of any of the directors, supervisors, manager and other senior officers of the Company or of the Company's holding company, and the lender of such funds did not know of the relevant circumstances at the time of the offering of the loan;</p> <p>(2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.</p>	<p>Article 212 A loan guarantee provided by the Company in breach of Article 208(1) shall not be enforceable against the Company, save in respect of the following circumstances:</p> <p>(1) the guarantee was provided in connection with a loan which was offered to an associate of any of the directors, supervisors, manager and other senior officers of the Company or of the Company's holding company, and the lender of such funds did not know of the relevant circumstances at the time of the offering of the loan;</p> <p>(2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Article 232 Procedures for considering the profit distribution plan of the Company:</p> <p>The profit distribution plan of the Company shall be formulated by the board of directors. The board of directors shall thoroughly discuss the rationality of the profit distribution plan and form a specific resolution which shall be approved and considered by the board of directors and the Supervisory Committee before submitting to the general meeting for consideration.</p> <p>Where the Company has no cash dividends in particular cases as provided for in the foregoing Article 231, the board of directors shall explain the specific reasons for not distributing cash dividends, the exact purpose for the retained profit and the estimated investment return, and submit such to the general meeting for consideration after independent directors express their opinions thereon.</p> <p>In considering the profit distribution plan at the general meeting, the Company shall communicate and exchange information with the shareholders, especially the small and medium shareholders, through hotlines and other related channels, take into full account their opinions and requests, and answer questions concerned by the small and medium shareholders in a timely manner. The Company shall make network voting method accessible to shareholders. The votes of the small and medium shareholders should be counted separately, and the poll results should be disclosed in the designated media of the Company.</p>	<p>Article 231 Procedures for considering the profit distribution plan of the Company:</p> <p>The profit distribution plan of the Company shall be formulated by the board of directors. The board of directors shall thoroughly discuss the rationality of the profit distribution plan and form a specific resolution which shall be approved and considered by the board of directors and the Supervisory Committee before submitting to the general meeting for consideration.</p> <p>Where the Company has no cash dividends in particular cases as provided for in the foregoing Article 230, the board of directors shall explain the specific reasons for not distributing cash dividends, the exact purpose for the retained profit and the estimated investment return, and submit such to the general meeting for consideration after independent directors express their opinions thereon.</p> <p>In considering the profit distribution plan at the general meeting, the Company shall communicate and exchange information with the shareholders, especially the small and medium shareholders, through hotlines and other related channels, take into full account their opinions and requests, and answer questions concerned by the small and medium shareholders in a timely manner. The Company shall make network voting method accessible to shareholders. The votes of the small and medium shareholders should be counted separately, and the poll results should be disclosed in the designated media of the Company.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original text of the Articles of Association	Text of the Articles of Association after the proposed amendments
<p>Alteration of the Company’s profit distribution policy:</p> <p>In case of war, natural disasters and other force majeure, or changes to the Company’s external operational environment resulting in material impact on its production and operation, or relatively significant changes to the Company’s operational position, the Company may adjust its profit distribution policy.</p> <p>The board of directors shall conduct specific discussion over adjustment to the Company’s profit distribution policy, provide detailed reasons for such adjustment, provide a written report to be considered by independent directors, and then submit to the general meeting for approval by way of a special resolution. In considering alterations to the profit distribution policy, the Company shall make network voting method accessible to shareholders to provide convenience for the small and medium shareholders for attending the shareholders’ meeting and the votes of the small and medium shareholders should be counted separately.</p>	<p>Alteration of the Company’s profit distribution policy:</p> <p>In case of war, natural disasters and other force majeure, or changes to the Company’s external operational environment resulting in material impact on its production and operation, or relatively significant changes to the Company’s operational position, the Company may adjust its profit distribution policy.</p> <p>The board of directors shall conduct specific discussion over adjustment to the Company’s profit distribution policy, provide detailed reasons for such adjustment, provide a written report to be considered by independent directors, and then submit to the general meeting for approval by way of a special resolution. In considering alterations to the profit distribution policy, the Company shall make network voting method accessible to shareholders to provide convenience for the small and medium shareholders for attending the shareholders’ meeting and the votes of the small and medium shareholders should be counted separately.</p>

Save for the above amendments and the adjustment to article numbers resulting from the amendments, other provisions of the Articles of Association of the Company remained unchanged.

The Articles of Association is written in Chinese and the translation into English is for reference only. In case of inconsistency between the Chinese and English versions of the Articles of Association, the Chinese version shall prevail.

Biographical Details of the Executive Director Candidates:

Wang Jun, Chinese, male, aged 48, is an economist with a bachelor's degree in engineering and an MBA. Mr. Wang was a sales clerk, director of export department, director of international business department and deputy general manager of Beijing Tianhai Industry Co., Ltd., party secretary, chairman of the Board of Beijing Beikai Electric Co., Ltd., head of the office, head of the office of the Board of Directors, director of the legal affairs department, secretary to the Board of Directors, member of the party committee and standing committee member of party committee of Beijing Jingcheng Machinery Electric Holding Co., Ltd. He served as an executive director of the eighth session of the Board of the Company from 10 December 2015 to 26 June 2017, and chairman of the eighth session of the Board of the Company from 11 December 2015 to 26 June 2017. Currently, he is the deputy general manager and general counsel of Beijing Jingcheng Machinery Electric Holding Co., Ltd., and an executive director and chairman of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

Li Junjie, Chinese, male, aged 42, has a bachelor degree in economics and an MBA. He was an accountant of finance department, salesman of marketing department, deputy secretary and secretary of youth league committee, manager of human resources department, secretary to the board deputy general manager, deputy party secretary and general manager in Beijing Tianhai Industry Co., Ltd. He served as an executive director of the eighth session of the Board of the Company from 16 December 2013 to 26 June 2017, and served as the general manager of the Company from 26 June 2014 to 10 December 2015 and from 25 April 2017 to 26 June 2017. He is currently the party secretary and chairman of the board of Beijing Tianhai Industry Co., Ltd. He is an executive director of the ninth session of the Board and general manager of Beijing Jingcheng Machinery Electric Company Limited.

Zhang Jiheng, Chinese, male, aged 44, is the holder of a bachelor's degree and a senior engineer. Mr. Zhang served as a technician and the head of the first production division, deputy minister of the production department, assistant to general manager, minister of the supply department and deputy manager of Beijing Tianhai Industry Co., Ltd., the general manager of Langfang Tianhai High Pressure Container Co., Ltd. and the general manager of Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd.. He is currently the deputy party secretary, general manager and vice chairman of Beijing Tianhai Industry Co., Ltd. and an executive director of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

Biographical Details of the Non-executive Director Candidates:

Jin Chunyu, Chinese, female, aged 48, obtained a bachelor's degree in management and a master's degree in business administration, and is a senior accountant. Ms. Jin previously served as clerical officer in the Finance Department and vice director of Beijing Electric Motor General Corporation; she served as deputy director of assets, finance and audit department of Beijing Jingcheng Machinery Electric Holding Co., Ltd., director and chief accountant (of the Chinese partner) of Babcock & Wilcox Beijing Company Ltd., and convener of the Supervisory Committee of Beijing B.J. Electric Motor Co., Ltd. She served

as a non-executive director of the eighth session of the Board of the Company from 9 June 2015 to 26 June 2017. Currently, she is the assistant of the general manager and the department head of planning and finance department of Beijing Jingcheng Machinery Electric Holding Co., Ltd, the chairman of Beijing Jingcheng International Financing Lease Co., Ltd. and a non-executive director of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

Wu Yanzhang, Chinese, male, aged 55, obtained a bachelor's degree in machinery manufacturing management from Hefei University of Technology and EMBA at China Europe International Business School. Mr. Wu served as the dispatcher of the production department, the deputy department head, assistant to factory head, the director of office and director of the new office in Beijing No. 1 Machine Tool Plant (北京第一機床廠), the sino general manager of OKUMA-BYJC (Beijing) Machine Tool Co. Ltd (北一大隈公司), the deputy director of office, the director of communications office, the director of office, the head of legal department, the head of non-financial corporate management department, the head of asset management department, the head of strategy and investment department of Beijing Jingcheng Machinery Electric Holding Co., Ltd.; he served as the party secretary of Beijing Crane Factory (北京起重機器廠北京起重機器廠), the director of Beijing Jingcheng Mechanical & Electrical Asset Management Co., Ltd., the director and chairman of Beijing Xihai Industrial and Trading Company, the Chairman of Beijing Zhongdu Electric Co., Ltd. (北京中都電器有限公司), and the director and the general manager of Beijing Jingcheng Compressor Co., Ltd. He is currently the head of the Investment and Asset Development Department of Beijing Jingcheng Machinery Electric Holding Co., Ltd. and a non-executive director of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

Xia Zhonghua, Chinese, male, aged 55, obtained a bachelor's degree in Engineering from Hefei University of Technology. He is a senior engineer. Mr. Xia was designer of construction of Beijing Metal Structure Factory (new factory) of Beijing Machinery Industrial Engineering Contract Corporation (北京機械工業建設工程承發包公司) and its technical director, project assistant manager and project manager, director in basic construction of Beijing Jingcheng Machinery Electric Holding Co. Ltd., director of the construction project planning department of Beijing Jianji Real Estate Co., Ltd. (北京建機房地產公司) (Part-time), head of resource allocation and restructuring and head of project investment of Beijing Jingcheng Machinery Electric Holding Co. Ltd., vice-president of Party School of Beijing Machinery Industry Administrative Bureau (北京機械工業管理局黨校); he served as the deputy minister of the management department and the securities and reform department, and the minister of the securities and reform department in Beijing Jingcheng Machinery Electric Holding Co. Ltd. He served as a non-executive director of the eighth session of the Board of the Company from 26 June 2014 to 26 June 2017. He is currently the head of the property resource department of Beijing Jingcheng Machinery Electric Holding Co., Ltd. and a non-executive director of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

Li Chunzhi, Chinese, female, aged 42, is the holder of a MBA degree and a middle-grade economist. Ms. Li served as the manager of translation and project of Beijing Mechanical Industry Automation Research Institute, product manager of product service

department of Beijing Century Yinghua Information Technology Co., Ltd. (北京世紀盈華資訊技術有限公司) and investment management manager and vice department head of the strategic and investment department of Beijing Jingcheng Machinery Electric Holding Co., Ltd.; she served as the vice department head of the investment and asset management department of Beijing Jingcheng Machinery Electric Holding Co., Ltd. She is currently the vice general manager of Beijing Jingcheng Machinery Electric Industrial Investment Co., Ltd. (北京京城機電產業投資有限公司), a supervisor of Beijing Jingcheng Intelligent Technology Co., Ltd. (北京京城智能科技有限公司) and a non-executive director of the ninth session of the Board of Beijing Jingcheng Machinery Electric Company Limited.

Biographical Details of the Independent Non-executive Director Candidates:

Xiong Jianhui, Chinese, male, aged 45, is a certified public accountant and a certified public valuer. Mr. Xiong has worked in Nanchang Municipal Engineering Management Office, Zhonglei Certified Public Accountants and Crowe Horwath Certified Public Accountants. He is currently a partner of WUYIGE Certified Public Accountants LLP.

Zhao Xuguang, Chinese, male, aged 41, obtained a doctoral degree in law from Renmin University of China. Mr. Zhao was an associate professor, an assistant to the dean of the School of Humanities and Social Sciences, and a person in charge of law and master programs in North China Electric Power University. He is currently the deputy dean, professor, and tutor of master programs of the School of Humanities and Social Sciences in North China Electric Power University; he is also a member of the Legal Writing Association of China Law Society and the executive vice president of the Beijing Legal Negotiation Society.

Liu Jingtai, Chinese, male, aged 56, obtained a doctoral degree in engineering from Nankai University. Mr. Liu was an associate professor of Nankai University and the deputy director of the Institute of Robotics and Information Automation of Nankai University. He is currently a professor and tutor of doctoral programs of the School of Artificial Intelligence of Nankai University, director of the Institute of Robotics and Information Automation of Nankai University, director of Tianjin Key Laboratory of Intelligent Robot Technology, and external director of Tianjin Zhonghuan Electronic Information Group Co., Ltd (天津中環電子信息集團有限公司).

Luan Dalong, Chinese, male, aged 56, obtained a doctoral degree in management science and engineering from Northwestern Polytechnical University. Mr. Luan Dalong was a researcher at the Academy of Military Science. He is currently an independent director of Aerospace Hi-Tech Holding Group Co., Ltd. and DHC Software Co., Ltd.

Details of the position held by Mr. Wang Jun, Ms. Jin Chunyu, Mr. Wu Yanzhang, Mr. Xia Zhonghua and Ms. Li Chunzhi in Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company, please refer to the above. Save as the aforementioned disclosure, all director candidates have no relationship with other directors, supervisors, senior management, substantial shareholder or controlling shareholder of the Company.

Save as the aforementioned disclosure, all director candidates do not hold any interests in shares of the Company as defined in Part XV of the Securities and Futures Ordinance, nor do they hold directorship or supervisorship in any other listed public companies in the last three years.

Save as the aforementioned disclosure, in respect of all director candidates, there is no other information which is required to be disclosed pursuant to any provisions under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited nor other information that need to be brought to the attention of the shareholders of the Company.

As at the latest practicable date, according to the register maintained pursuant to section 352 of the SFO, all director candidates do not have any interest or short positions in the shares, underlying shares and debentures of the Company.

Biographical Details of the Supervisor Candidates:

Miao Junhong, Chinese, male, aged 54, is an on-the-job postgraduate majoring in business management of industrial economics in the Graduate School of Chinese Academy of Social Sciences. Mr. Miao had served as a plant planner of the assembly branch, deputy director, deputy secretary and secretary of youth league committee, vice factory director and factory director of the processing factory no.1, party's branch secretary general, deputy party secretary, secretary of discipline inspection commission, chairman of labour union and director of the horizontal joint office in Beijing No. 1 Machine Tool Plant (北京第一機床廠); he had served as a deputy secretary of the discipline inspection commission, director of the supervision department, deputy chairman of the labour union, secretary of the Board, director of the Party Office, director of the Board Office and director of the Board Supervision Office in Beijing Jingcheng Machinery Electric Holding Co., Ltd.; he had served as the party secretary, secretary of discipline inspection commission and chairman of the labour union in Beiyi Machine Tool Co., Ltd.; he had served as the general manager and party's branch secretary in Beijing Jingcheng Zhidi Co., Ltd. He is currently a despatched supervisor of the directors and supervisors office of Beijing Jingcheng Machinery Electric Holding Co., Ltd. and the chairman of the Supervisory Committee of the ninth session of the Supervisory Committee of Beijing Jingcheng Machinery Electric Company Limited.

Li Zhe, Chinese, male, aged 53, is an engineer with a bachelor's degree in engineering. He had served as the technician, squad leader and head of the first production division, deputy director and director of production division, assistant of general manager and deputy general manager of Beijing Tianhai Industry Co., Ltd.; he had served as the general manager and chairman of the Board of Beijing Minghui Tianhai Gas Storage Equipment Sales Co., Ltd.; he had served as the deputy party secretary and secretary of discipline inspection commission in Beijing Tianhai Industry Co., Ltd.; he had also served as the supervisor in Shanghai Tianhai High Pressure Containers Co., Ltd. and Langfang Tianhai High Pressure Containers Co., Ltd. He is currently the deputy party secretary, secretary of discipline inspection commission and chairman of labour union in Beijing Tianhai Industry Co., Ltd., and a supervisor of the Supervisory Committee of the ninth session of the Supervisory Committee of Beijing Jingcheng Machinery Electric Company Limited.

Mr. Miao Junhong, a supervisor candidate, is a despatched supervisor of the directors and supervisors office of Beijing Jingcheng Machinery Electric Holding Co., Ltd., a controlling shareholder of the Company. Save as the aforementioned disclosure, Mr. Miao Junhong and Mr. Li Zhe have no relationship with other directors, supervisors, senior management, substantial shareholder or controlling shareholder of the Company.

Save as the aforementioned disclosure, Mr. Miao Junhong and Mr. Li Zhe do not hold any interests in shares of the Company as defined in Part XV of the Securities and Futures Ordinance, nor do they hold directorship or supervisorship in any other listed public companies in the last three years.

Save as the aforementioned disclosure, in respect of Mr. Miao Junhong and Mr. Li Zhe, there is no other information which is required to be disclosed pursuant to any provisions under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited nor other information that need to be brought to the attention of the shareholders of the Company.

As at the latest practicable date, according to the register maintained pursuant to section 352 of the SFO, Mr. Miao Junhong and Mr. Li Zhe do not have any interest or short positions in the shares, underlying shares and debentures of the Company.

NOTICE OF AGM



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)

NOTICE OF 2019 ANNUAL GENERAL MEETING

The board of directors and all directors of the Company warrant that there are no false representations, misleading statement contained in, or material omissions from, this announcement, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents in this announcement.

I. BASIC INFORMATION OF THE MEETING

NOTICE IS HEREBY GIVEN that the 2019 Annual General Meeting (the “**Annual General Meeting**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) will be convened by the board of directors (the “**Board**”) and the relevant matters of the meeting are as follows:

- (1) Type and Session of the General Meeting: The 2019 Annual General Meeting
- (2) Convener of the General Meeting: the Board
- (3) Voting method: on-site voting by way of poll will be adopted for the Annual General Meeting
- (4) Share Record Date: 8 May 2020 (Friday)
- (5) Date, time and venue of the on-site meeting

Date and time: 9 June 2020 (Tuesday) at 9:30 a.m.

Venue: Conference Room 1, No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing

II. RESOLUTIONS TO BE CONSIDERED AT THE ANNUAL GENERAL MEETING

Ordinary resolutions

- 1 To consider and approve the full text and the summary of annual report for A shares and annual report for H shares of the Company for 2019;

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- 2 To consider and approve the 2019 work report of the board of directors of the Company;
- 3 To consider and approve the 2019 work report of the supervisory committee of the Company;
- 4 To consider and approve the 2019 audited financial reports of the Company;
- 5 To consider and approve the internal control audit report in the financial report of the Company for the year 2019;
- 6 To consider and approve the 2019 work report of the independent non-executive directors of the Company;
- 7 To consider and approve re-appointment of ShineWing Certified Public Accountants (Special General Partnership) as the auditor for the Company's 2020 financial reports and to propose at the general meeting to authorise the Board to sign an appointment agreement with it and determine its remuneration;
- 8 To consider and approve re-appointment of Da Hua Certified Public Accountants (Special General Partnership) as the internal control auditor for the Company's 2020 internal control audit report of the financial report and to propose at the general meeting to authorise the Board to sign an appointment agreement with it and determine its remuneration;
- 9 To consider and approve the resolution of the Company not to distribute any profit for the year 2019;
- 12 To consider and approve the resolution on the remuneration of and written contracts to be entered into with the directors of the tenth session of the Board of the Company;
- 13 To consider and approve the resolution on the remuneration of and written contracts to be entered into with the supervisors of the tenth session of the supervisory committee of the Company;
- 14.00 To consider and approve the resolutions on the election of directors;
- 14.01 To consider and approve the election of Mr. Wang Jun as an executive director of the tenth session of the Board of the Company;
- 14.02 To consider and approve the election of Mr. Li Junjie as an executive director of the tenth session of the Board of the Company;
- 14.03 To consider and approve the election of Mr. Zhang Jiheng as an executive director of the tenth session of the Board of the Company;

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- 14.04 To consider and approve the election of Ms. Jin Chunyu as a non-executive director of the tenth session of the Board of the Company;
- 14.05 To consider and approve the election of Mr. Wu Yanzhang as a non-executive director of the tenth session of the Board of the Company;
- 14.06 To consider and approve the election of Mr. Xia Zhonghua as a non-executive director of the tenth session of the Board of the Company;
- 14.07 To consider and approve the election of Ms. Li Chunzhi as a non-executive director of the tenth session of the Board of the Company;
- 15.00 To consider and approve the resolutions on the election of independent non-executive directors;
- 15.01 To consider and approve the election of Mr. Xiong Jianhui as an independent non-executive director of the tenth session of the Board of the Company;
- 15.02 To consider and approve the election of Mr. Zhao Xuguang as an independent non-executive director of the tenth session of the Board of the Company;
- 15.03 To consider and approve the election of Mr. Liu Jingtai as an independent non-executive director of the tenth session of the Board of the Company;
- 15.04 To consider and approve the election of Mr. Luan Dalong as an independent non-executive director of the tenth session of the Board of the Company;
- 16.00 To consider and approve the resolutions on the general election of the supervisory committee;
- 16.01 To consider and approve the election of Mr. Miao Junhong as a supervisor of the tenth session of the supervisory committee of the Company;
- 16.02 To consider and approve the election of Mr. Li Zhe as a supervisor of the tenth session of the supervisory committee of the Company.

Special resolutions

- 10 To consider and approve the resolution in relation to grant of general mandate to the Board to issue H shares by the Company;
- 11 To consider and approve the amendments to the Articles of Association.

III. ATTENDEES OF THE MEETING AND REGISTRATION

- (I) Directors, supervisors and senior management of the Company.
- (II) Lawyers engaged by the Company.

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- (III) Shareholders of the Company whose names appear on the register of members of the Company at the close of market on 8 May 2020, shall have the right to attend the Annual General Meeting after complying with the necessary registration procedures.

Shareholders or proxies who intend to attend the Annual General Meeting are requested to deliver the reply slip of attending to the Company on or before 20 May 2020. The reply slip may be delivered to the Company in person, by post or by facsimile.

Holders of the Company's H shares should note that the register of members of the Company will be closed from 10 May 2020 to 9 June 2020 (both days inclusive), during which time no H shares transfer will be registered. For holders of H shares who intend to attend the Annual General Meeting, transfer documents together with the related share certificates must be lodged with the H share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before 4:30 p.m. on 8 May 2020.

Corporate shareholder should attend the meeting by its legal representatives or the proxy appointed by the legal representative. Legal representative who attends the meeting should present his or her own identity document, valid documents evidencing his or her capacity as a legal representative and evidence of shareholding. If appointing proxy to attend the meeting, the proxy should present his or her identity document and a written instrument of proxy issued by the legal representative of the corporate shareholder in accordance with the law and evidence of shareholding.

1. Each shareholder who is entitled to attend and vote at the Annual General Meeting may appoint one or more proxy(ies) who may or may not be a shareholder, to attend and vote on his or her behalf at the Annual General Meeting.
2. For any shareholder who appoints more than one proxy, his or her proxies can only exercise the voting right by way of poll.
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his or her attorney authorised in writing. If that instrument is signed by an attorney on behalf of the appointer, the power of attorney authorising that attorney to sign, or other authorisation document, must be notarially certified. To be valid, the notarially certified copy of the power of attorney, or other authorisation document, together with the form of proxy must be delivered to the business address of the Company or lodged with the H share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time appointed for the holding of the Annual General Meeting.

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IV. OTHER MATTERS

1. Contact details for the meeting

Contact telephone: 8610-67365383/8610-58761949

Fax: 8610-87392058/8610-58766735

Contact person: Office of the Board of the Company

Address: No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, the PRC

Postal code: 101109

2. The Annual General Meeting is expected to last not more than one working day. Attendees should bear their own accommodation, meals and travel expenses.
3. Personnel attending the meeting, please arrive at the meeting venue half an hour before the meeting time and bring along the originals of identity documents for verification.
4. For relevant matters in relation to attendance at the Annual General Meeting for holders of A Shares of the Company, please refer to the notice of the meeting and other relevant documents published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn).

The Board of

Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC

24 April 2020