
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 2020
2020 WORK REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY
2020 WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY
2020 AUDITED FINANCIAL REPORTS OF THE COMPANY
THE INTERNAL CONTROL AUDIT REPORT IN THE FINANCIAL REPORT FOR THE
YEAR 2020 OF THE COMPANY
2020 WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE
COMPANY
RE-APPOINTMENT OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS
(SPECIAL GENERAL PARTNERSHIP)
AS THE AUDITOR FOR THE COMPANY'S 2021 FINANCIAL REPORTS
RE-APPOINTMENT OF DA HUA CERTIFIED PUBLIC ACCOUNTANTS
(SPECIAL GENERAL PARTNERSHIP)
AS THE AUDITOR FOR THE COMPANY'S 2021 INTERNAL CONTROL
AUDIT REPORT OF THE FINANCIAL REPORT
THE RESOLUTION OF THE COMPANY NOT TO DISTRIBUTE ANY PROFIT
FOR THE YEAR 2020
TO APPROVE THE RESOLUTION IN RELATION TO THE GRANT OF
GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES BY THE COMPANY
AND
NOTICE OF ANNUAL GENERAL MEETING**

A letter from the Board is set out on pages 3 to 7 of this circular.

A notice convening the 2020 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 2021 (Wednesday) at 9:30 a.m. is set out on pages AGM-1 to AGM-4 of this circular.

Whether or not you intend to attend the AGM, you are requested to complete the attached form of proxy 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.

10 May 2021

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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 2021 (Wednesday) at 9:30 a.m. at the Conference Room 1, No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, PRC
“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
“CSRC”	China Securities Regulatory Commission
“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

DEFINITIONS

“Jingcheng Machinery Electric”	北京京城機電控股有限責任公司 (Beijing Jingcheng Machinery Electric Holding Co., Ltd.*), a company incorporated in the PRC and holding 50.67% interest in the Company
“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
“SSE”	the Shanghai Stock Exchange
“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:

Mr. Xiong Jianhui
Mr. Zhao Xuguang
Mr. Liu Jingtai
Mr. Luan Dalong

Registered office:

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

10 May 2021

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 2020
2020 WORK REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY
2020 WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY
2020 AUDITED FINANCIAL REPORTS OF THE COMPANY
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GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES BY THE COMPANY
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 2020 AGM and to provide you with reasonable and necessary information.

At the AGM of 2020, 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 of the Company for 2020; (2) 2020 Work Report of the Board of the Company; (3) 2020 Work Report of the Supervisory Committee of the Company; (4) 2020 audited financial reports of the Company; (5) the internal control audit report in the financial report for the year 2020 of the Company; (6) 2020 Work Report of the independent non-executive Directors of the Company; (7) re-appointment of ShineWing Certified Public Accountants (Special General Partnership) as the auditor for the Company's 2021 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 auditor for the Company's 2021 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 the Company not to distribute any profit for the year 2020; the following special resolution 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.

The full text and the summary of Annual Report for A shares and Annual Report for H shares for 2020, 2020 Work Report of the Board of Directors, 2020 audited financial reports, the internal control audit report in the financial report for the year 2020 and the resolution of not to distribute any profit for the year 2020

For details, please refer to the 2020 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.

2020 Work Report of the supervisory committee

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

2020 Work Report of the independent non-executive Directors

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

LETTER FROM THE BOARD

Re-appointment of auditor for 2021 financial reports

The Board proposes that the Company to re-appoint ShineWing Certified Public Accountants (Special General Partnership) as the auditor for the Company's 2021 financial reports, and to authorise the Board to sign an appointment agreement with it and determine its remuneration.

Re-appointment of auditor for 2021 internal control report of the financial report

The Board proposes that the Company to re-appoint Da Hua Certified Public Accountants (Special General Partnership) as the auditor for the Company's 2021 internal control report of the financial report, and to authorise the Board to sign an appointment agreement with it and determine its remuneration.

2. TO APPROVE 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;
- (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 CSRC and/or other relevant PRC government authorities and/or stock exchange (if applicable) are obtained.

LETTER FROM THE BOARD

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.

3. THE AGM

A notice convening the AGM to be held on 9 June 2021 (Wednesday) at 9:30 a.m. is set out on pages AGM-1 to AGM-4 of this circular. Whether or not you are able to attend the AGM, you are requested to complete and return the form of proxy 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 delivered to the Company’s H share registrar, 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 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.

4. 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.

LETTER FROM THE BOARD

5. ADDITIONAL INFORMATION

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

6. 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 2020, the supervisory committee adhered to the principle of being responsible to all Shareholders of the Company 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 responsibilities stipulated in the relevant laws and regulations such as 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 of the Company held 13 meetings in total and attended the 2019 AGM, and the 1st extraordinary general meeting of 2020. The supervisory committee of the Company 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 the standard operation level and practically protected the Company's and Shareholders' legal interests. The 2020 Work Report of the supervisory committee of the Company is set out below:

I. Work of the supervisory committee in 2020

The supervisory committee of the Company establishes a sound meeting and working system, which can be implemented strictly. The supervisory committee convened 13 meetings in total in 2020, details of which are set out below:

- (I) The thirtieth meeting of the ninth session of the supervisory committee was held at the Conference Room of the Company on 28 February 2020. Major details of the meeting are as follows:
 - 1. The resolution in relation to the amendments to the proposal for non-public issuance of A Shares of the Company was considered and approved;
 - 2. The resolution in relation to the proposal for non-public issuance of A Shares of the Company (2nd revision) was considered and approved.

- (II) The thirty-first meeting of the ninth session of the supervisory committee was held at the Conference Room of the Company on 27 March 2020. Major details of the meeting are as follows:
 - 1. The work report of the supervisory committee of the Company for 2019 was considered and approved, and submitted to the 2019 AGM for consideration;
 - 2. The 2019 annual report of the Company and its summary and the H Shares results announcement were considered and approved;
 - 3. The 2019 audited financial report of the Company was considered and approved;
 - 4. The 2019 assessment report on the Company's internal control was considered and approved;

5. The 2019 internal control audit report of the financial report of the Company was considered and approved;
6. The 2019 social responsibility report of the Company was considered and approved;
7. The proposal of the Company not to distribute profit for 2019 was considered and approved;
8. The resolution of provision for impairment for the year 2019 of the Company was considered and approved;
9. The resolution in relation to the change of accounting policies was considered and approved;
10. The resolution in relation to the election of new session of the supervisory committee was considered and approved;
11. 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 was considered and approved, and submitted to the 2019 AGM for consideration.

(III) The thirty-second meeting of the ninth session of the supervisory committee was held at the Conference Room of the Company on 29 April 2020. Major details of the meeting are as follows:

The 2020 first quarterly report of the Company was considered and approved.

(IV) The thirty-third meeting of the ninth session of the supervisory committee was held at the Conference Room of the Company on 22 May 2020. Major details of the meeting are as follows:

1. The resolution in relation to the amendments to the proposal for non-public issuance of A Shares of the Company was considered and approved;
2. The resolution in relation to the proposal for non-public issuance of A Shares of the Company (3rd revision) was considered and approved.

(V) The first meeting of the tenth session of the supervisory committee was held at the Conference Room of the Company on 10 June 2020. Major details of the meeting are as follows:

1. The resolution in relation to the election of the chairman of the tenth session of the supervisory committee was considered and approved;
2. The resolution in relation to the appointment of the secretary of the tenth session of the supervisory committee was considered and approved.

(VI) The second meeting of the tenth session of the supervisory committee was held at the Conference Room of the Company on 30 June 2020. Major details of the meeting are as follows:

1. The resolution in relation to the setting up of designated accounts for raised funds and the entering into the Tripartite Custody Agreement relating to the Designated Accounts for Raised Funds was considered and approved;
2. The resolution in relation to the use of raised funds to inject capital into an indirect wholly-owned subsidiary to implement investment projects was considered and approved.

(VII) The third meeting of the tenth session of the supervisory committee was held at the Conference Room of the Company on 29 July 2020. Major details of the meeting are as follows:

1. The resolution in relation to the formulation of the Implementation Rules of Beijing Jingcheng for the Performance of Duties and Remuneration of Responsible Persons of the Enterprise and the Management of Business Expenditure was considered and approved;
2. The resolution in relation to the replacement of the self-raised funds pre-invested in investment projects with the raised funds from the non-public issuance of shares was considered and approved.

(VIII) The fourth meeting of the tenth session of the supervisory committee was held at the Conference Room of the Company on 31 July 2020. Major details of the meeting are as follows:

The resolution in relation to the establishment of Hydrogen Fuel Cell Commercial Vehicle Industry Innovation Center jointly by Beijing Tianhai Industry Co., Ltd. and Beiqi Foton Motor Co., Ltd., and the participation in the establishment of Beiqing Zhichuang (Beijing) New Energy Automobile Technology Co., Ltd. (tentative name) was considered and approved.

(IX) The fifth meeting of the tenth session of the supervisory committee was held at the Conference Room of the Company on 11 August 2020. Major details of the meeting are as follows:

1. The 2020 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 2020 was considered and approved;

3. The resolution in relation to a loan of RMB20 million (twenty million) provided by Beijing Jingcheng Machinery Electric Company Limited, the controlling shareholder, to Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company was considered and approved.
- (X) The sixth meeting of the tenth session of the supervisory committee was held at the Conference Room of the Company on 17 August 2020. Major details of the meeting are as follows:
1. The resolution in relation to the fulfilment of the conditions by the Company in respect of the asset acquisition by way of share issuance and cash payment and raising of supporting funds was considered and approved;
 2. Each resolution in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was considered and approved;
 3. The resolution in relation to the “Proposal on the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited” and its summary was considered and approved;
 4. The resolution in relation to the conditional “Asset Acquisition Agreement by way of Share Issuance and Cash Payment” executed by the Company was considered and approved;
 5. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company is not expected to constitute a major asset restructuring and listing by way of restructuring was considered and approved;
 6. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company are in compliance with the requirements of Article 4 of the “Provisions on Issues Concerning Regulating the Material Asset Reorganisations of Listed Companies” was considered and approved;
 7. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company are in compliance with the requirements of Article 11 of the “Administrative Measures for the Material Asset Reorganisations of Listed Companies” was considered and approved;
 8. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company are in compliance with the requirements of Article 43 of the “Administrative Measures for the Material Asset Reorganisations of Listed Companies” was considered and approved;

9. The resolution in relation to the statement that the Company's share price movement has not reached the relevant benchmark set out in Article 5 of the "Notice on Regulating the Information Disclosure of Listed Companies and the Acts of All the Related Parties" was considered and approved;
 10. The resolution in relation to the relevant entities involved in the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company are not prohibited from participating in any material assets restructuring of any listed companies in accordance with Article 13 of the "Interim Provisions on Strengthening Supervision over Abnormal Stock Trading Related to the Material Asset Reorganisations of Listed Companies" was considered and approved;
 11. The resolution in relation to the description on the completeness and compliance of legal procedures and the validity of the legal documents submitted in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was considered and approved.
- (XI) The seventh meeting of the tenth session of the supervisory committee was held at the Conference Room of the Company on 21 September 2020. Major details of the meeting are as follows:
1. The resolution in relation to the disposition of the Wu Fang Qiao Assets of Beijing Tianhai Industry Co., Ltd. and the authorization to the board of directors of Beijing Tianhai to handle the transfer was considered and approved;
 2. The resolution in relation to the candidate of Supervisor was considered and approved;
 3. The resolution in relation to the remuneration of and written contracts to be entered into with the Supervisors of the tenth session of the supervisory committee of the Company was considered and approved.
- (XII) The eighth meeting of the tenth session of the supervisory committee was held at the Conference Room of the Company on 29 October 2020. Major details of the meeting are as follows:
1. The resolution on the election of Mr. Tian Dongqiang as the chairman of the tenth session of the supervisory committee of the Company was considered and approved;
 2. The 2020 third quarterly report of the Company was considered and approved;

3. The resolution in relation to the provision for a loan of RMB25 million (twenty-five 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 amendment to the Rules of Procedure for the supervisory committee was considered and approved.

(XIII) The ninth meeting of the tenth session of the supervisory committee was held at the Conference Room of the Company on 29 December 2020. Major details of the meeting are as follows:

1. The resolution in relation to the fulfilment of the conditions by the Company in respect of the asset acquisition by way of share issuance and cash payment and raising of supporting funds was considered and approved;
2. Each resolution in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was considered and approved;
3. The resolution in relation to the “Report on the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited (Draft)” and its summary was considered and approved;
4. The resolution in relation to the conditional “Asset Acquisition Agreement by way of Share Issuance and Cash Payment” and “Performance Compensation Agreement” executed by the Company was considered and approved;
5. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company is not expected to constitute a major asset restructuring and listing by way of restructuring was considered and approved;
6. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company are in compliance with the requirements of Article 4 of the “Provisions on Issues Concerning Regulating the Material Asset Reorganisations of Listed Companies” was considered and approved;
7. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company are in compliance with the requirements of Article 11 and Article 43 of the “Administrative Measures for the Material Asset Reorganisations of Listed Companies” was considered and approved;

8. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company are in compliance with the requirements of Article 44 of the “Administrative Measures for the Material Asset Reorganisations of Listed Companies” was considered and approved;
9. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds are in compliance with the requirements of Article 39 of the “Administrative Measures for the Issuance of Securities by Listed Companies” was considered and approved;
10. The resolution in relation to the statement that the Company’s share price movement has not reached the relevant benchmark set out in Article 5 of the “Notice on Regulating the Information Disclosure of Listed Companies and the Acts of All the Related Parties” was considered and approved;
11. The resolution in relation to the relevant entities involved in the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company are not prohibited from participating in any material assets restructuring of any listed companies in accordance with Article 13 of the “Interim Provisions on Strengthening Supervision over Abnormal Stock Trading Related to the Material Asset Reorganisations of Listed Companies” was considered and approved;
12. The resolution in relation to the description on the completeness and compliance of legal procedures and the validity of the legal documents submitted in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company was considered and approved;
13. The resolution in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company do not constitute a related party transaction was considered and approved;
14. The resolution in relation to the effect of the asset acquisition by way of share issuance and cash payment and raising of supporting funds on the immediate returns and the remedial measures on the recovering of immediate returns of the Company was considered and approved;
15. The resolution in relation to opinions in relation to the independence of the valuation institution, reasonableness of the assumptions used in the valuation, relevance of the valuation methods and valuation purposes and fairness of the appraised value was considered and approved;
16. The resolution in relation to the approval of the audit report, valuation report and pro forma review report on the asset acquisition by way of share issuance and cash payment and raising of supporting funds 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 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 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 2020 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 shares by the Company was completed at the end of June 2020 and the number of Shares issued was 63,000,000, raising proceeds of approximately RMB214.83 million. The proceeds raised from the non-public issuance of A Shares will be principally used for the construction project of Type IV cylinders intelligent digital production line, a hydrogen energy product research and development project, and fund-raising projects to repay the debts of Jingcheng Machinery Electric and financial institutions. This will enable the Company to enter the hydrogen energy industry, vigorously develop new high value-added products, expand the business space, and accelerate the hydrogen energy industry segment as the Company’s new strategic growth point in the future, quickly establish a first-mover advantage, and maintain technological leadership, and provide a foundation to enhance the profitability and value of the Company.

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 dealing and 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.

1. During the reporting period, the resolution in relation to the disposition of the Wu Fang Qiao Assets of Beijing Tianhai Industry Co., Ltd. and the authorization to the board of directors of Beijing Tianhai to handle the transfer was considered and approved.
2. During the reporting period, the resolutions in relation to the proposal of the asset acquisition by way of share issuance and cash payment and raising of supporting funds of the Company were considered and approved.

The decision-making procedures of the above-mentioned asset disposal were in compliance with relevant requirements of relevant laws and regulations and the “Articles of Association”. Such disposal does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.

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

During the reporting period, the Company had the following connected transactions: (1) the resolution in relation to the amendments to the proposal for non-public issuance of A Shares of the Company was considered and approved; (2) the resolution in relation to the proposal for non-public issuance of A Shares of the Company (2nd revision) was considered and approved; (3) the resolution in relation to the amendments to the proposal for non-public issuance of A Shares of the Company was considered and approved; (4) the resolution in relation to the proposal for non-public issuance of A Shares of the Company (3rd revision) was considered and approved; (5) the resolution in relation to the disposition of the Wu Fang Qiao Assets of Beijing Tianhai Industry Co., Ltd. and the authorization to the board of directors of Beijing Tianhai to handle the transfer was considered and approved.

The supervisory committee conducted inspection on the connected transaction of the Company during the reporting period and the supervisory committee considers: the connected transactions of the Company strictly complied with the consideration procedures of relevant requirements of the “Company Law” and “Articles of Association” 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 Limited” carefully. The supervisory committee is of the opinion 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 execution 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 2020 to the end of the reporting period. The report objectively and fairly reflects the actual 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, effectively 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 2021

In 2021, 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 PRC, truthfully perform its duties, and further promote standardized operations of the Company. Major work arrangements are outlined below:

1. Comply with the laws and regulations and discharge duties conscientiously. In 2021, 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”, 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 various 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”.

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 and impact 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 to prevent 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 Company, 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 the internal auditor and accountants (auditors) entrusted by the Company frequently, making full use of the internal and external audit information to keep abreast of the updates. Fourth, the supervisory committee will focus mainly 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 etc. of the Company.
3. Constantly uplift duty performance capabilities through strengthening training and self-improvement. Members of the supervisory committee will continue to strengthen their trainings, attend relevant training programs in a planned manner in this year to constantly broaden their professional knowledge and further enhance their own professional quality. They will strictly comply with the laws, regulations and the “Articles of Association”, conscientiously discharge their duties, properly protect the rights and interests of the Company and the Shareholders and better perform the supervisory duties of the supervisory committee.

**The Supervisory Committee of
Beijing Jingcheng Machinery Electric Company Limited**

17 March 2021

During our tenure as independent non-executive Directors of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”), we strictly complied with the 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 regulations and requirements of 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 various 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 effectively, 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 2020 as follows:

I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS

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

Xiong Jianhui, Chinese, male, aged 46. He 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 and an independent non-executive director of the tenth session of the Board of the Company since June 2020.

Zhao Xuguang, Chinese, male, aged 41. He 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 the person in charge of undergraduate and master programs of law 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 director of the Legal Writing Association of China Law Society, the executive vice president of the Beijing Legal Negotiation Society, and an independent non-executive director of the tenth session of the Board of the Company since June 2020.

Liu Jingtai, Chinese, male, aged 57. He 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, and director of Tianjin Key Laboratory of Intelligent Robot Technology, etc. He is an independent non-executive director of the tenth session of the Board of the Company since June 2020.

Luan Dalong, Chinese, male, aged 57. He obtained a doctoral degree in management science and engineering from Northwestern Polytechnical University. Mr. Luan 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, and an independent non-executive director of the tenth session of the Board of the Company since June 2020.

Wu Yan, Chinese, female, aged 73, a former independent non-executive director. 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 Testing Research Center of 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 is a deputy secretary general, secretary general and currently senior consultant of China Gas Cylinders Standardization Technical Committee. Ms. Wu served as an independent non-executive director of the eighth session of the Board of the Company from June 2014 to June 2017 and an independent non-executive director of the ninth session of the Board of the Company from June 2017 to June 2020.

Liu Ning, Chinese, male, aged 62, a former independent non-executive director. 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 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, legislative consultant of Beijing Municipal People's Congress, member of the Eighth Committee of Chinese People's Political Consultative Conference of Haidian District of Beijing, member of Beijing Municipal Committee of China Democratic League, deputy director of the Social and Legal Affairs Committee of Beijing Municipal Committee of China Democratic League and executive member of Beijing Federation of Industry & Commerce. Mr. Liu served as an independent

non-executive director of the eighth session of the Board of the Company from June 2014 to June 2017 and an independent non-executive director of the ninth session of the Board of the Company from June 2017 to June 2020.

Yang Xiaohui, Chinese, male, aged 53, a former independent non-executive director. 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 is currently the senior partner of Ruihua Certified Public Accountants. Mr. Yang served as an independent non-executive director of the eighth session of the Board of the Company from June 2014 to June 2017 and an independent non-executive director of the ninth session of the Board of the Company from June 2017 to June 2020.

Fan Yong, Chinese, male, aged 48, a former independent non-executive director. 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 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). Mr. Fan served as an independent non-executive director of the eighth session of the Board of the Company from June 2014 to June 2017 and an independent non-executive director of the ninth session of the Board of the Company from June 2017 to June 2020.

(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:

Independent non-executive directors of the ninth session of the Board of the Company:

1. Members of the Strategic Committee: Wu Yan;
2. Members of the Audit Committee:

1 January 2020 – 27 February 2020: Yang Xiaohui (Chairman of the Committee), Fan Yong;

28 February 2020 – 9 June 2020: Fan Yong (Chairman of the committee), Liu Ning;

(Description: The Board 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 relevant duties of an independent non-executive director and the chairman of the audit committee of the Board. The Company followed the prescribed procedures and 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.)

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.

Independent non-executive directors of the tenth session of the Board of the Company:

1. Members of the Strategic Committee: Liu Jingtai;
2. Members of the Audit Committee: Xiong Jianhui (Chairman of the committee), Zhao Xuguang;
3. Members of the Remuneration and Monitoring Committee: Liu Jingtai (Chairman of the committee), Xiong Jianhui;
4. Members of the Nomination Committee: Zhao Xuguang (Chairman of the committee), Luan Dalong.

(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 would no longer hold any position in the Company.

In accordance with the prescribed 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 served 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 CSRC and the “Articles of Association”, the resignation would 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 took effect, Mr. Yang Xiaohui still performed the duties of an independent non-executive director in accordance with relevant laws and regulations and various rules and regulations of the Company. Mr. Yang Xiaohui retired as Director and from all committee positions of the Company on 9 June 2020 when the ninth session of the Board expired.

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 2020, 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 2020, the Company held 2 general meetings and 14 Board meetings (in which: 2 meetings were held on-site and 12 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			Absence	Absence from two consecutive meetings or not	Number of general meetings attended
			in person	communication equipment	by proxy			
Xiong Jianhui	Yes	10	2	8	0	0	No	1
Zhao Xuguang	Yes	10	2	8	0	0	No	1
Liu Jingtai	Yes	10	2	8	0	0	No	1
Luan Dalong	Yes	10	2	8	0	0	No	1
Wu Yan	Yes	4	0	4	0	0	No	1
Liu Ning	Yes	4	0	4	0	0	No	1
Yang Xiaohui	Yes	4	0	4	0	0	No	1
Fan Yong	Yes	4	0	4	0	0	No	1

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

Name of Director	Independent Director or not	Objections raised	Details of objection	Remark
Xiong Jianhui	Yes	No	No	—
Zhao Xuguang	Yes	No	No	—
Liu Jingtai	Yes	No	No	—
Luan Dalong	Yes	No	No	—
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 2020, 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:

1. On 28 February 2020, we, being the independent Directors of the Company, carefully verified the relevant information of the resolution in advance in relation to amendments to the proposal for non-public issuance of A Shares proposed to the Company's twentieth extraordinary meeting of the ninth session of the Board for consideration, and expressed our prior approval opinion as follows:
 - 1) The Company has complied with various rules and requirements under relevant laws, regulations and regulatory documents on the non-public issuance of shares by listed companies, thus is eligible and has met the conditions for the non-public issuance of shares. The Company's amendment to the proposal details and proposal for non-public issuance of Shares (2nd revision) are in compliance with the requirements of relevant laws, regulations and regulatory documents including the "Company Law", the "Securities Law" and the "Interim Administration Measures on Securities Issuance of Listed Companies". The proposal is reasonable, practicable and does not harm the interest of the Company and other Shareholders.
 - 2) The non-public issuance constitutes a connected transaction. The Company adjusts the pricing method of the non-public issuance in accordance with the regulatory requirements of the "Decision on Amending the 'Interim Administration Measures on Securities Issuance of Listed Companies'" and the "Decision on Amending the 'Implementation Rules on Non-public Issuance of Shares by Listed Companies'" promulgated by the CSRC on 14 February 2020. The connected transactions involved in this non-public issuance 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.

Therefore, we unanimously agree to submit the above-mentioned matters to the Company's twentieth extraordinary meeting of the ninth session of the Board for consideration.

2. On 28 February 2020, we, being the independent Directors of the Company, expressed our independent opinion on the relevant resolution proposed to the Company's twentieth extraordinary meeting of the ninth session of the Board for consideration as follows:

The resolution in relation to amendments to the proposal for non-public issuance of A Shares and the resolution in relation to proposal amendment

- 1) The Company has complied with various rules and requirements under relevant laws, regulations and regulatory documents on the non-public issuance of shares by listed companies, thus is eligible and has met the conditions for the non-public issuance of shares. The Company's amendment to the proposal details and proposal for non-public issuance of Shares (2nd revision) are in compliance with the requirements of relevant laws, regulations and regulatory documents including the "Company Law", the "Securities Law" and the "Interim Administration Measures on Securities Issuance of Listed Companies". The proposal is reasonable, practicable and does not harm the interest of the Company and other Shareholders.
- 2) The non-public issuance constitutes a connected transaction. The Company adjusts the pricing method of the non-public issuance in accordance with the regulatory requirements of the "Decision on Amending the 'Interim Administration Measures on Securities Issuance of Listed Companies'" and the "Decision on Amending the 'Implementation Rules on Non-public Issuance of Shares by Listed Companies'" promulgated by the CSRC on 14 February 2020. The connected transactions involved in this non-public issuance 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 convening procedure and voting procedures adopted at the twentieth extraordinary meeting of the ninth session of the Board of the Company for considering the amendment to the proposal for non-public issuance and proposal relevant matters are in compliance with the requirements of relevant laws, regulations and the "Articles of Association". When considering resolutions involving matters of connected transactions or interests of related party, Wang Jun, Jin Chunyu, Wu Yanzhang, Xia Zhonghua and Li Chunzhi, the connected Directors, abstained themselves from voting as required. The procedures performed by the Board in considering various resolutions related to connected transaction are in compliance with laws and regulations of the "Company Law of the People's Republic of China" and the

“Securities Law of the People’s Republic of China” as well as relevant requirements of the “Articles of Association”. The resolutions passed at the meeting are legal and effective.

- 4) We agree to amend the proposal for the non-public issuance of A Shares and proposal details.
3. On 22 May 2020, we, being the independent Directors of the Company, carefully verified the relevant information of the resolution in advance in relation to amendments to the proposal for non-public issuance of A Shares proposed to the Company’s twenty-first extraordinary meeting of the ninth session of the Board for consideration, and expressed our prior approval opinion as follows:
- 1) The Company has complied with various rules and requirements under relevant laws, regulations and regulatory documents on the non-public issuance of shares by listed companies, thus is eligible and has met the conditions for the non-public issuance of shares. The Company’s amendment to the proposal details and proposal for non-public issuance of Shares (3rd revision) are in compliance with the requirements of relevant laws, regulations and regulatory documents including the “Company Law”, the “Securities Law” and the “Interim Administration Measures on Securities Issuance of Listed Companies”. The proposal is reasonable, practicable and does not harm the interest of the Company and other Shareholders.
 - 2) The non-public issuance constitutes a connected transaction. The Company’s adjustment of the pricing method of the non-public issuance is conducive to protecting the legal interest of the Company and Shareholders. The connected transactions involved in the non-public issuance 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.

Therefore, we unanimously agree to submit the above-mentioned matters to the Company’s twenty-first extraordinary meeting of the ninth session of the Board for consideration.

4. On 22 May 2020, we, being the independent Directors of the Company, expressed our independent opinion on the relevant resolution proposed to the Company's twenty-first extraordinary meeting of the ninth session of the Board for consideration as follows:

The resolution in relation to amendments to the proposal for non-public issuance of A Shares and the resolution in relation to proposal amendment

- 1) The Company has complied with various rules and requirements under relevant laws, regulations and regulatory documents on the non-public issuance of shares by listed companies, thus is eligible and has met the conditions for the non-public issuance of shares. The Company's amendment to the proposal details and proposal for non-public issuance of Shares (3rd revision) are in compliance with the requirements of relevant laws, regulations and regulatory documents including the "Company Law", the "Securities Law" and the "Interim Administration Measures on Securities Issuance of Listed Companies". The proposal is reasonable, practicable and does not harm the interest of the Company and other Shareholders.
- 2) The non-public issuance constitutes a connected transaction. The Company's adjustment of the pricing method of the non-public issuance is conducive to protecting the legal interest of the Company and Shareholders. The connected transactions involved in the non-public issuance 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 convening procedure and voting procedures adopted at the twenty-first extraordinary meeting of the ninth session of the Board of the Company for considering the amendment to the proposal for non-public issuance and proposal relevant matters are in compliance with the requirements of relevant laws, regulations and the "Articles of Association". When considering resolutions involving matters of connected transactions or interests of related party, Wang Jun, Jin Chunyu, Wu Yanzhang, Xia Zhonghua and Li Chunzhi, the connected Directors, abstained themselves from voting as required. The procedures performed by the Board in considering various resolutions related to connected transaction are in compliance with laws and regulations of the "Company Law of the People's Republic of China" and the "Securities Law of the People's Republic of China" as well as relevant requirements of the "Articles of Association". The resolutions passed at the meeting are legal and effective.
- 4) We agree to amend the proposal for the non-public issuance of A Shares and proposal details.

5. On 21 September 2020, we, being the independent Directors of the Company, verified the “Resolution in advance in relation to the disposition of the Wu Fang Qiao Assets of Beijing Tianhai Industry Co., Ltd.” proposed by the Company to the seventh extraordinary meeting of the tenth session of the Board for consideration, and expressed our prior approval opinion as follows:
- 1) When considering the above-mentioned resolution, Mr. Wang Jun, Ms. Jin Chunyu, Mr. Wu Yanzhang, Mr. Xia Zhonghua and Ms. Li Chunzhi, the connected Directors, shall abstain from voting. Such connected transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders, and complies 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 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”. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
 - 3) We agree to present the “Resolution in relation to the disposition of the Wu Fang Qiao Assets of Beijing Tianhai Industry Co., Ltd.” to the Company’s seventh extraordinary meeting of the tenth session of the Board for consideration.
6. On 21 September 2020, we, being the independent Directors of the Company, considered the “Resolution in relation to the disposition of the Wu Fang Qiao Assets of Beijing Tianhai Industry Co., Ltd.” proposed to the Company’s seventh extraordinary meeting of the tenth session of the Board for consideration, and expressed our independent opinion as follows:
- 1) When considering the above-mentioned resolution, Mr. Wang Jun, Ms. Jin Chunyu, Mr. Wu Yanzhang, Mr. Xia Zhonghua and Ms. Li Chunzhi, the connected Directors, shall abstain from voting. Such connected transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders, and complies 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 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”. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.

- 3) We give our consent to the “Resolution in relation to the disposition of the Wu Fang Qiao Assets of Beijing Tianhai Industry Co., Ltd.” and agree present it to the Company’s general meeting for consideration.

The above connected transactions were approved at the first extraordinary general meeting in 2020.

(2) External guarantee and misappropriation of capital

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

(3) Mortgage loan

The Company does not have any mortgage loan.

(4) Disposal of assets

On 21 September 2020, the seventh extraordinary meeting of the tenth session of the Board of the Company considered and approved the resolution in relation to the disposition of the Wu Fang Qiao Assets of Beijing Tianhai Industry Co., Ltd. and the authorization to the Board of Beijing Tianhai to handle the transfer. 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 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”. Such transaction does not harm the interest of the Company and its Shareholders, especially the minority Shareholders. For the above-mentioned resolution, we attended the relevant Board meeting and had no objection.

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

On 28 February 2020, the resolution in relation to the change in personnel of the audit committee of the ninth session of the Board of the Company was considered and approved at the twentieth meeting of the ninth session of the Board directors of the Company. For the above-mentioned resolution, we attended the relevant Board meeting and had no objection.

On 27 March 2020, the resolution in relation to the result of the above-mentioned remuneration and performance assessment for the senior management of the Company for the year 2019 was considered and approved at the eleventh meeting of the ninth session of the Board of the Company. For the above-mentioned resolution, we attended the relevant Board meeting and had no objection.

On 27 March 2020, the eleventh meeting of the ninth session of the Board of the Company considered and approved the substantial Shareholder's nomination of 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's nomination of Mr. Li Junjie and Mr. Zhang Jiheng as the executive Director candidates of the tenth session of the Board of the Company, and Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as the independent non-executive Director candidates of the tenth session of the Board of the Company.

As the independent non-executive directors of the ninth session of the Board, after reviewing relevant documents concerning the declaration and biographies and other relevant documents of the above mentioned candidates, we were of the opinion that:

- 1) The relevant procedures of the substantial Shareholder's nomination of Mr. Wang Jun as the executive Director candidate of the tenth session of the Board and 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 of Mr. Li Junjie and Mr. Zhang Jiheng by the nomination committee of the Board as the executive Director candidates of the tenth session of the Board 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 are in compliance with relevant provisions of the "Articles of Association".
- 2) Mr. Wang Jun, Mr. Li Junjie, Mr. Zhang Jiheng, Ms. Jin Chunyu, Mr. Wu Yanzhang, Mr. Xia Zhonghua and Ms. Li Chunzhi are in compliance with the relevant requirements of Director's qualification of the relevant national laws and regulations and the "Articles of Association".
- 3) Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong have the required qualification and independence of the "Guidance on the Establishment of Independent Directors System by Listed Companies" of the CSRC.
- 4) Agreed to submit the resolution relating to the general election of the Board to the 2019 AGM for Shareholders' approval.

(6) Results forecast and preliminary results estimate

During the reporting period, the Company disclosed the annual results forecast for 2019, of which the illustration results were in a timely manner, accurate and complete.

(7) Engagement or change of external auditors

1. On 27 March 2020, we, being the Independent Directors of the Company, have completed a prior review of the relevant resolutions proposed by the Company to the eleventh meeting of the ninth session of the Board for approval, and express our prior approval opinion as follow:

I. The resolution in relation to the appointment of the auditor for the 2020 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 of the Company over the past years, ShineWing Certified Public Accountants (Special General Partnership) can conduct the auditing work 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 auditing work of the 2019 financial report of the Company and there are 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 auditor for the 2020 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 2019 to ShineWing Certified Public Accountants (Special General Partnership) was reasonable.

II. The resolution in relation to the appointment of the auditor for the 2020 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 of the Company over the past years, Da Hua Certified Public Accountants (Special General Partnership) can conduct the auditing work 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 auditing work of the 2019 internal control report of the Company and there are 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 auditor for the 2020 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 2019 to Da Hua Certified Public Accountants (Special General Partnership) was reasonable.

2. On 27 March 2020, 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 fully understanding and reviewing relevant resolutions at the eleventh meeting of the ninth session of Board, in respect of certain Board resolutions, we express our independent opinion as follows:

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 resolution in relation to the re-appointment of the auditor for the 2020 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 of the Company over the past years, ShineWing Certified Public Accountants (Special General Partnership) can conduct the auditing work in accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and impartiality. It has smoothly completed the auditing work of the 2019 financial report of the Company and there are 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 auditor for the 2020 financial report of the Company. The content of the audit includes financial statement of the Company and its subsidiaries within the scope of the consolidated statements and specific audit report for the year 2020 on the use of capitals by controlling Shareholder and other connected persons etc..

II. The re-appointment of the auditor for the 2020 internal control of the financial 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 of the Company over the past years, Da Hua Certified Public Accountants (Special General Partnership) can conduct the auditing work in accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and impartiality. It has smoothly completed the auditing work of the 2019 internal control report of the Company and there are 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 auditor for the 2020 internal control report of the financial report of the Company. The content of the audit includes giving effective audit opinion in respect of internal control of financial statement and disclosing major noticed deficiencies of internal control of non-financial report etc..

(8) Major Asset Reorganization of the Company

1. On 17 August 2020, we, being the independent Directors of the Company, have completed a prior review of the relevant resolution proposed by the Company to the fifth extraordinary meeting of the tenth session of the Board for consideration, and express our prior approval opinion as follows:
 - 1) The Company intended to acquire 80% equity interests of Qingdao BYTQ United Digital Intelligence Co., Ltd. jointly held by 17 natural persons including Li Hong and Qingdao Eternal Economic Information Consulting Co., Ltd. by way of share issuance and cash payment, and to raise supporting funds (hereinafter referred to as the “Transaction”). The Transaction is in compliance with the the requirements of “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Administrative Measures for the Material Asset Reorganisations of Listed Companies”, the “Administrative Measures for the Issuance of Securities by Listed Companies” and other relevant laws, regulations and regulatory documents issued by CSRC. The proposal is reasonable, practical and feasible, and not detrimental to the interests of minority Shareholders.
 - 2) Through the Transaction, the Company may capture industry opportunities to integrate quality resources, which is beneficial to strengthen its sustainability. The Transaction also facilitates the long-term development of the Company, it is in the interests of the Company and Shareholders as a whole and is not detrimental to the interests of minority shareholders.

Therefore, we agree to submit matters relating to the Transaction to the fifth extraordinary meeting of the tenth session of the Board for consideration and approval.

2. On 17 August 2020, we, being the independent Directors of the Company, have completed a prior review of the relevant resolution proposed by the Company to the fifth extraordinary meeting of the tenth session of the Board for consideration, and express our prior approval opinion as follows:

I. Decision-making procedures of the Transaction

Before convening this Board meeting, we seriously reviewed relevant information provided by the Board and thoroughly understood the background information of the Transaction. We proceeded necessary communication based on relevant information and issued our prior approval.

The “Resolution in relation to the Proposal of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited” and other relevant resolutions of the Transaction of the Company have been submitted to the Company’s fifth extraordinary meeting of the tenth session of the Board for consideration approval.

The counterparties of the asset acquisition by way of share issuance and cash payment of the Company are 17 natural persons including Li Hong and Qingdao Eternal Economic Information Consulting Co., Ltd. The Company targeted no more than 35 specific qualified investors for issuing Shares to raise supporting funds. Pursuant to the relevant requirements of the “Administrative Measures for the Material Asset Reorganisations of Listed Companies” and the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange”, the above counterparties are not connected parties of the Company. As the asset acquisition by way of share issuance and cash payment and raising of supporting funds does not constitute a connected transaction, the Board is not required to abstain from voting on these resolutions.

Therefore, the convening and the voting procedures for Board meeting of the Company to consider the Transaction are in compliance with the requirements of relevant laws, regulations and the “Articles of Association”.

II. Proposal of the Transaction

- 1) The Transaction is in compliance with the requirements of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Administrative Measures for the Material Asset Reorganisations of Listed Companies”, the “Administrative Measures for the

Issuance of Securities by Listed Companies” and other relevant laws and regulations and the regulatory documents issued by CSRC. The proposal is reasonable, practical and feasible, and not detrimental to the interests of minority Shareholders.

- 2) The “Proposal of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited” is in compliance with the requirements of relevant laws, regulations and regulatory rules, and is basically feasible and operable without major legal and policy obstacles.
- 3) We agree the conditional “Asset Acquisition by way of Share Issuance and Cash Payment Framework Agreement” signed by the Company and relevant counterparties and the overall arrangement for the asset acquisition by way of share issuance and cash payment of the Board of the Company. Subject to the completion of relevant audit and assessment work carried out on the asset acquisition by way of share issuance and cash payment, when the Company convene Board meeting again for the consideration of the relevant content of the Transaction, we will express our opinions for the relevant matters again.
- 4) Before the implementation of the Transaction, Jingcheng Machinery Electric holds 50.67% of the Shares in the Company and is the controlling Shareholder of the Company. Though the appraised value and price of the target assets have yet to be determined, it is anticipated that, upon the completion of the Transaction, Jingcheng Machinery Electric will remain as the controlling Shareholder of the Company and Beijing Municipal People’s Government State-owned Assets Supervision and Administration Commission will remain as the actual controller. The Transaction will not result in a change in the Company’s control.
- 5) The Transaction proposed to engage an asset valuation institution that complies with the requirements of the “Securities Law” to value the 80% interest in Qingdao BYTQ United Digital Intelligence Co., Ltd. The transaction price of the target assets of the Transaction is determined on the basis of their value assessed as at the valuation date sets out in the valuation report, which is issued by an asset valuation institution that has complied with the requirements of the “Securities Law”, and does not harm the interest of the Company and the minority Shareholders.

Therefore, through the Transaction, the Company captured industry opportunities to integrate quality resources, which is beneficial to strengthen the Company's sustainability and facilitate the Company's long-term development, it is in the interests of the Company and Shareholders as a whole and is not detrimental to the interests of minority Shareholders. We agree to the Board's overall arrangement for the Transaction of the Company.

3. On 29 December 2020, we, being the independent Directors of the Company and based on our understanding of the relevant information, expressed our opinion on the Transaction of the Company on the relevant documents of the Transaction that the Company proposed to the eighth extraordinary meeting of the tenth session of the Board for consideration as follow:
 - 1) The Transaction does not constitute a major asset reorganization. The Transaction is in compliance with the requirements of the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China", the "Administrative Measures for the Material Asset Reorganisations of Listed Companies", the "Administrative Measures for the Issuance of Securities by Listed Companies" and other relevant laws, regulations and regulatory documents issued by CSRC. The proposal is reasonable, practical and feasible, and not detrimental to the interests of minority Shareholders.
 - 2) The "Report (draft) on the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited" and its summary complies with the requirements of relevant laws, regulations and regulatory rules and is basically feasible and operable without any major legal and policy obstacles.
 - 3) The conditional transaction agreement that the Company entered into with various connected parties under the Transaction is negotiated on the principles of voluntary, fair and reasonable and complied with the requirements of relevant laws, regulations and regulatory documents, such as the "Company Law", the "Securities Law" and the "Administrative Measures for the Material Asset Reorganisations of Listed Companies", and does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
 - 4) Before the implementation of the Transaction, Jingcheng Machinery Electric holds 50.67% of the Shares in the Company and is the controlling Shareholder of the Company. Upon the completion of the Transaction, Jingcheng Machinery Electric remains as the controlling Shareholder of the Company and Beijing Municipal People's

Government State-owned Assets Supervision and Administration Commission remains as the actual controller. The Transaction will not result in a change in the Company's ownership.

- 5) In the Transaction, the transaction price of the target assets is determined upon negotiation between the parties on the basis of the valuation result sets out in the valuation report, which is issued by an asset valuation institution eligible for engaging in securities and futures business, and complies with the requirements of the "Administrative Measures for the Material Asset Reorganisations of Listed Companies" and other relevant laws, regulations and policies. The pricing approach of the Transaction complies with relevant regulations and ensures the fairness of the price of the target assets and does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
- 6) Through the Transaction, the Company captured industry opportunities to integrate quality resources, which is beneficial to strengthen the Company's sustainability and facilitate the Company's long-term development, it is in the interests of the Company and shareholders as a whole and is not detrimental to the interests of minority Shareholders.

We express our consent to the relevant content of the Company's asset acquisition by way of share issuance and cash payment and raising of supporting funds, and agree to submit the relevant resolution to the Company's eighth extraordinary meeting of the tenth session of the Board for consideration.

4. On 29 December 2020, we, being the independent Directors of the Company, expressed our independent opinion on the relevant documents of the Transaction that the Company proposed to the eighth extraordinary meeting of the tenth session of the Board for consideration as well as on the independence of the valuation institution, the justification of the valuation assumptions, the relevance between the valuation approach and the valuation purpose and the fairness of the valuation pricing as follow:

1) Independence of the valuation institution

China Alliance Appraisal Co., Ltd. was engaged as the valuation institution for the Transaction. The valuation institution possesses the valuation qualification certificates issued by relevant authorities and is eligible for engaging in securities and futures business. The process for engaging the valuation institution has complied with laws and regulations. Save for the engagement, the valuation institution and its appraisers are not connected with the Company, counterparties or target company, and there is no actual and anticipated interests or conflicts other than professional fees. The valuation institution is independent.

2) *Justification of the valuation assumptions*

The valuation assumptions adopted by the relevant valuation report of the Transaction have complied with relevant national laws and regulations as well as followed common market practices and asset valuation criteria and conformed to the actual situation of the valuation target. The valuation assumptions are justified.

3) *Relevance between the valuation approach and the valuation purpose*

The purpose of this valuation is to provide a justified pricing basis for the Transaction of the Company. The scope of assets actually assessed by the valuation institution is consistent with the asset scope of engagement. The valuation institution has implemented corresponding valuation procedures in the valuation process and adhered to the principles of objectiveness, independence, fairness and science. The valuation method used is compliant with the regulations and is in line with the actual conditions of the target assets. The parameters and data selected are reliable. The valuation result objectively and fairly reflects the actual conditions of the valuation target on the valuation date. The relevance between the valuation approach and the valuation purpose is consistent.

4) *Fairness of the valuation pricing*

The pricing of the target assets of the Transaction are based on the valuation result of the valuation report issued by a valuation institution that is eligible to engage in securities business. The pricing basis of the Transaction is justified. The valuation institution engaged for the Transaction meets the independence requirements and possesses corresponding business qualifications and competencies, thus the valuation method adopted is justified. Site visit was carried out during the valuation in accordance with asset valuation standards and other regulatory requirements to obtain corresponding evidence. The valuation pricing is fair.

The pricing of the target assets of the Transaction is determined by the Company and the counterparties through negotiation on the basis of the valuation result acknowledged by the relevant valuation report issued by the valuation institution. The share issue price of the Company complies with relevant laws and regulations. The pricing of the Transaction complies with the requirements of relevant laws and regulations and the “Articles of Association”. The pricing is fair, the procedures are fair and does not harm the interest of the listed company and its Shareholders.

5. On 29 December 2020, we, being the independent Directors of the Company, expressed our independent opinion on the relevant matters of the Transaction that the Company proposed to the eighth extraordinary meeting of the tenth session of the Board for consideration as follow:

I. Decision-making procedures in relation to the Transaction

Before the Board meeting, we have carefully reviewed the relevant resolutions, such as the “Resolution in relation to the Draft on the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited and its Summary”, provided by the Board, and have conducted necessary communication on relevant information upon fully understand the background information of the Transaction of the Company. We have given our prior approval.

“The Resolution in relation to the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of the Company” and other resolutions relevant to the Transaction of the Company were considered and approved at the eighth extraordinary meeting of the tenth session of the Board of the Company.

The counterparties of the asset acquisition by way of share issuance and cash payment of the Company are 17 natural persons including Li Hong and Qingdao Eternal Economic Information Consulting Co., Ltd. The Company targeted no more than 35 specific qualified investors for issuing Shares to raise supporting funds. Pursuant to the relevant requirements of the “Administrative Measures for the Material Asset Reorganisations of Listed Companies” and the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange”, the above-mentioned counterparties are not connected parties of the Company. As the asset acquisition by way of share issuance and cash payment and raising of supporting funds does not constitute a connected transaction, the Board is not required to abstain from voting on these resolutions.

Therefore, the convening and voting procedures adopted at the Board meeting of the Company for considering the Transaction are in compliance with the relevant requirements of the relevant law, regulations and the “Articles of Association”. The voting result is legal, effective and does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.

II. Proposal of the Transaction

- 1) The proposal of the Transaction is in compliance with the requirements of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Administrative Measures for the Material Asset Reorganisations of Listed Companies”, the “Administrative Measures for the Issuance of Securities by Listed Companies” and other relevant laws, regulations and regulatory documents issued by CSRC. The proposal is reasonable, practical and feasible, and not detrimental to the interests of minority Shareholders.
- 2) The Company has met the various conditions for implementing the Transaction. The Transaction complies with the requirements of Article 11, Article 43 and Article 44 of the “Administrative Measures for the Material Asset Reorganisations of Listed Companies”, Article 39 of the “Administrative Measures for the Issuance of Securities by Listed Companies”, Article 5 of the “Notice on Regulating the Information Disclosure of Listed Companies and the Acts of All the Related Parties”, Article 13 of the “Interim Provisions on Strengthening Supervision over Abnormal Stock Trading Related to Material Asset Reorganisations of Listed Companies” and Article 4 of the “Provisions on Issues Concerning Regulating the Material Asset Reorganisations of Listed Companies” and other relevant laws and regulations.
- 3) The “Report (draft) on the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited” and its summary comply with the requirements of relevant laws, regulations and regulatory rules and is basically feasible and operable without any major legal and policy obstacles.
- 4) The conditional transaction agreement that the Company entered into with various counterparties under the Transaction is negotiated on the principles of voluntary, fair and reasonable and complied with the requirements of relevant laws, regulations and regulatory documents, such as the “Company Law”, the “Securities Law” and the “Administrative Measures for the Material Asset Reorganisations of Listed Companies”, and does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
- 5) Before the implementation of the Transaction, Jingcheng Machinery Electric holds 50.67% of the Shares in the Company and is the controlling shareholder of the Company. Upon the completion of the Transaction, Jingcheng Machinery Electric

remains as the controlling shareholder of the Company and Beijing Municipal People's Government State-owned Assets Supervision and Administration Commission remains as the actual controller. The Transaction will not result in a change in the Company's control.

- 6) In the Transaction, the transaction price of the target assets is determined upon negotiation between the parties on the basis of the valuation result sets out in the valuation report, which is issued by an asset valuation institution eligible for engaging in securities and futures business and approved by state-owned assets authorities, and complies with the requirements of the "Administrative Measures for the Material Asset Reorganisations of Listed Companies" and other relevant laws, regulations and policies. The pricing approach of the Transaction complies with relevant regulations and does not harm the interest of the Company and its Shareholders, especially the minority Shareholders.
- 7) The Transaction is not anticipated to dilute the return of the Company for the current period. The Company has prepared practicable remedial measures for any dilution in the return for the current period. The interest of the Shareholders as a whole is effectively protected as relevant entities have given their undertakings over the actual implementation of the Company's remedial measures.

Therefore, through the Transaction, the Company captured industry opportunities to integrate quality resources, which is beneficial to strengthen the Company's sustainability and facilitate the Company's long-term development, it is in the interests of the Company and Shareholders as a whole and is not detrimental to the interests of minority Shareholders. We agree with the Board's overall arrangement for the Transaction of the Company.

(9) Resolution relating to the change of accounting policies

On 27 March 2020, the Company convened the eleventh meeting of the ninth session of the Board. The resolution in relation to the changes in accounting policy was considered and approved in the meeting. The change of accounting policies is reasonable and was made according to the latest accounting standards amended and issued by the Ministry of Finance, which complies with relevant regulations. By implementing the changed accounting policies, the Company's financial position and operating results can be reflected in a more objective and fair way. The change in accounting policies will not affect the Company's profit or loss as well as the interests of Shareholders, especially the minority Shareholders.

(10) 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 actual controller has been discovered.

(11) Implementation of information disclosure

During 2020, the Company strictly complied 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” to ensure the disclosure of information of the Company is on a truthful, accurate, timely and complete basis.

(12) Implementation of internal control

The Company has established a relatively comprehensive internal control system which is in compliance with the regulations and requirements of the relevant laws and regulations of the PRC. The internal control system of the Company is legal, reasonable and effective. It can reasonably ensure the operation of the Company to develop in order; reasonably 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 to protect the interests of the Company and the investors.

(13) Operations of the Board and its special committees

The Board of the Company has set up four special committees, namely the strategic committee, audit committee, nomination committee and remuneration and monitoring committee. Each of the special committees actively works and performs the duties diligently, which procures all operating activities of the Company to conduct smoothly. In 2020, the Company held 5 strategic committee meetings of the Board, 10 audit committee meetings of the Board, 3 nomination committee meetings of the Board and 2 remuneration and monitoring committee meetings of the Board. As the special committees of the Board of the Company, we attended all the meetings that should be attended respectively to perform our duties diligently, so that the operation of the committees was standardised, 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 2020, 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 2021, we will continue to perform our duties earnestly and further follow the principle of prudence, diligence and honesty; constantly enhance our learning and improve our professional standards, strengthen communication and improve the 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 as independent non-executive Directors, 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:

Xiong Jianhui, Zhao Xuguang, Liu Jingtai, Luan Dalong

17 March 2021

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 2020 ANNUAL GENERAL MEETING

I. BASIC INFORMATION OF THE MEETING

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting (hereinafter referred to as the “**Annual General Meeting**”) of Beijing Jingcheng Machinery Electric Company Limited (hereinafter referred to as the “**Company**”) will be convened by the board of directors (hereinafter referred to as the “**Board**”) and the relevant matters of the meeting are as follows:

- (1) Type and Session of the General Meeting: The 2020 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: 1 June 2021 (Tuesday)
- (5) Date, time and venue of the on-site meeting

Date and time: 9 June 2021 (Wednesday) 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 the full text and the summary of annual report for A shares and annual report for H shares of the Company for 2020;
- 2 To consider the 2020 work report of the Board of the Company;
- 3 To consider the 2020 work report of the supervisory committee of the Company;
- 4 To consider the 2020 audited financial reports of the Company;

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- 5 To consider and approve the internal control audit report in the financial report of the Company for the year 2020;
- 6 To consider the 2020 work report of the independent non-executive directors of the Company;
- 7 To consider the re-appointment of ShineWing Certified Public Accountants (Special General Partnership) as the auditor for the Company's 2021 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 the re-appointment of Da Hua Certified Public Accountants (Special General Partnership) as the auditor for the Company's 2021 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 the resolution of the Company not to distribute any profit for the year 2020;

Special resolution

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

III. ATTENDEES OF THE MEETING AND REGISTRATION

- (I) Directors, supervisors and senior management of the Company.
- (II) Lawyers engaged by the Company.
- (III) Shareholders of the Company whose names appear on the register of members of the Company at the close of market on 1 June 2021, shall have the right to attend the Annual General Meeting after complying with the necessary registration procedures.

Holders of the Company's H shares should note that the register of members of the Company will be closed from 2 June 2021 to 9 June 2021 (both days inclusive), during which time no H shares transfer will be registered. For holders of H shares of the Company 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 1 June 2021.

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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 or, in the case of a corporation, either under the common seal of the corporation or signed by any responsible person or attorney duly authorised. 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 documents, must be notarially certified. To be valid, the notarially certified power of attorney, or other authorisation document (if any), together with the form of proxy must be lodged with the H share registrar of the Company, 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.

IV. OTHER MATTERS

1. Contact details for the meeting

Contact telephone: 8610-58761949/8610-67365383

Fax: 8610-58766735/8610-87392058

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 for half a 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 start of the meeting and bring along the originals of the identity documents for verification.

NOTICE OF AGM

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
10 May 2021

As at the date of this notice, the Board comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, Ms. Jin Chunyu, Mr. Wu Yanzhang, Mr. Xia Zhonghua and Ms. Li Chunzhi as non-executive directors and Mr. Xiong Jianhui, Mr. Zhao Xuguang, Mr. Liu Jingtai and Mr. Luan Dalong as independent non-executive directors.