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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**北京京城機電股份有限公司**

**Beijing Jingcheng Machinery Electric Company Limited**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 0187)**

**THE FULL TEXT AND THE SUMMARY OF ANNUAL REPORT FOR A SHARES AND ANNUAL REPORT FOR H SHARES FOR 2021  
2021 WORK REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY  
2021 WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY  
2021 AUDITED FINANCIAL REPORTS OF THE COMPANY  
THE INTERNAL CONTROL AUDIT REPORT IN THE FINANCIAL REPORT FOR THE YEAR 2021 OF THE COMPANY  
2021 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 2022 FINANCIAL REPORTS  
RE-APPOINTMENT OF DA HUA CERTIFIED PUBLIC ACCOUNTANTS (SPECIAL GENERAL PARTNERSHIP)  
AS THE AUDITOR FOR THE COMPANY'S 2022 INTERNAL CONTROL AUDIT REPORT OF THE FINANCIAL REPORT  
THE RESOLUTION OF THE COMPANY NOT TO DISTRIBUTE ANY PROFIT FOR THE YEAR 2021  
THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE "FUND RAISING MANAGEMENT MEASURES"  
THE RESOLUTION OF BEIJING TIANHAI INDUSTRY CO., LTD. TO ACQUIRE 2% EQUITY INTEREST OF BEIJING JINGCHENG HAITONG TECHNOLOGY CULTURE DEVELOPMENT CO., LTD. HELD BY BEIJING NENGTONG LEASE COMPANY 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**

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A letter from the Board is set out on pages 4 to 13 of this circular.

A notice convening the 2021 AGM of the Company to be held at the Conference Room, No. 6 Rongchang East Street, Daxing District, Beijing, PRC on 9 June 2022 (Thursday) 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.

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## DEFINITIONS

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

“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
“Acquisition”	the acquisition of the Sale Equity Interest by Tianhai Industrial from Beijing Nengtong pursuant to the SPA
“AGM”	the annual general meeting of the Company to be convened on 9 June 2022 (Thursday) at 9:30 a.m. at the Conference Room, No. 6 Rongchang East Street, Daxing District, Beijing, PRC
“Appraised Value”	RMB23,086,600, being the value of the entire equity interest of Jingcheng Haitong as at 31 December 2021 as appraised by the Independent Valuer
“Beijing Nengtong”	北京能通租賃公司 (Beijing Nengtong Lease Company*), a company incorporated in the PRC
“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
“Completion”	the completion of the Acquisition pursuant to the terms of the SPA
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB461,732 for the Acquisition
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company

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## DEFINITIONS

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“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
“Group”	the Company and its subsidiaries
“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
“Independent Valuer”	北京中同華資產評估有限公司 (China Alliance Appraisal Co., Ltd.), an independent valuer appointed by the Company in respect of the Acquisition
“Jingcheng Haitong”	北京京城海通科技文化發展有限公司 (Beijing Jingcheng Haitong Technology Culture Development Co., Ltd.*), a company incorporated in the PRC with limited liability
“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 state-owned enterprise incorporated in the PRC and the controlling shareholder of the Company
“JV Agreement”	the joint venture agreement relating to Jingcheng Haitong entered into between Tianhai Industrial and Beijing Nengtong on 21 August 2018
“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
“Sale Equity Interest”	2% of the entire equity interest in Jingcheng Haitong

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## DEFINITIONS

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“Share(s)”	share(s) of the Company, including A Shares and H Shares, unless otherwise specified
“Shareholders”	the shareholders of the Company
“SPA”	the sale and purchase agreement dated 28 April 2022 entered into between Tianhai Industrial and Beijing Nengtong in respect of the Acquisition
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on the SSE
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisors”	the supervisors of the Company
“Supplemental Agreement”	the supplemental agreement to the JV Agreement dated 28 April 2022
“Tianhai Industrial”	北京天海工業有限公司 (Beijing Tianhai Industry Co., Ltd.*), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“%”	percent

\* *For identification purposes only*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

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

*Registered office:*

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

*Non-executive Directors:*

Mr. Wu Yanzhang  
Mr. Xia Zhonghua  
Ms. Li Chunzhi  
Mr. Man Huiyong

*Independent non-executive Directors:*

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

10 May 2022

*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 2021  
2021 WORK REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY  
2021 WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY  
2021 AUDITED FINANCIAL REPORTS OF THE COMPANY  
THE INTERNAL CONTROL AUDIT REPORT IN THE FINANCIAL REPORT FOR THE  
YEAR 2021 OF THE COMPANY  
2021 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 2022 FINANCIAL REPORTS  
RE-APPOINTMENT OF DA HUA CERTIFIED PUBLIC ACCOUNTANTS  
(SPECIAL GENERAL PARTNERSHIP)  
AS THE AUDITOR FOR THE COMPANY'S 2022 INTERNAL CONTROL  
AUDIT REPORT OF THE FINANCIAL REPORT  
THE RESOLUTION OF THE COMPANY NOT TO DISTRIBUTE ANY PROFIT FOR  
THE YEAR 2021  
THE RESOLUTION ON THE PROPOSED AMENDMENTS TO THE "FUND RAISING  
MANAGEMENT MEASURES"  
THE RESOLUTION OF BEIJING TIANHAI INDUSTRY CO., LTD. TO ACQUIRE 2%  
EQUITY INTEREST OF BEIJING JINGCHENG HAITONG TECHNOLOGY CULTURE  
DEVELOPMENT CO., LTD. HELD BY BEIJING NENGTONG LEASE COMPANY  
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**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to provide you with the notice of the 2021 AGM and to provide you with reasonable and necessary information.

At the AGM of 2021, 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 2021; (2) 2021 Work Report of the Board of the Company; (3) 2021 Work Report of the supervisory committee of the Company; (4) 2021 audited financial reports of the Company; (5) the internal control audit report in the financial report for the year 2021 of the Company; (6) 2021 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 2022 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 2022 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 2021; (10) the resolution on the proposed amendments to the "Fund Raising Management Measures"; (11) the resolution of Beijing Tianhai Industry Co., Ltd. to acquire 2% equity interest of Beijing Jingcheng Haitong Technology Culture Development Co., Ltd. held by Beijing Nengtong Lease Company; the following special resolution will be proposed to consider and approve (12) 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 2021, 2021 Work Report of the Board, 2021 audited financial reports, the internal control audit report in the financial report for the year 2021 and the resolution of not to distribute any profit for the year 2021**

For details, please refer to the 2021 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.

#### **2021 Work Report of the supervisory committee**

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

#### **2021 Work Report of the independent non-executive Directors**

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

#### **Re-appointment of auditor for 2022 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 2022 financial reports, and to authorise the Board to sign an appointment agreement with it and determine its remuneration.

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## LETTER FROM THE BOARD

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### **Re-appointment of auditor for 2022 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.

### **Proposed amendments to the “Fund Raising Management Measures”**

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

## **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.

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## LETTER FROM THE BOARD

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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 RESOLUTION ON THE PROPOSED AMENDMENTS TO THE “FUND RAISING MANAGEMENT MEASURES”**

In order to standardize the management and application of the Company’s raised funds and protect the interests of the investors, in accordance with the requirements under the “Securities Law of the People’s Republic of China”, the “Company Law of the People’s Republic of China”, the “Rules Governing the Issue of Securities by Listed Companies”, the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange”, the “Supervisory Guidelines for Listed Companies No. 2 – Supervisory Requirements for the Management and Use of Funds Raised by Listed Companies” and the “Rules Governing the Management of Funds Raised by Listed Companies on the Shanghai Stock Exchange” etc., the Board of the Company intends to amend the “Fund Raising Management Measures” in the light of the actual situation of the Company and, after consideration and approval at the seventh meeting of the tenth session of the Board, to approve the aforesaid amendments and submit them to the AGM for approval.

The proposed amendments are set out in Appendix III to this circular. The proposed amendments to the “Fund Raising Management Measures” shall be implemented only after approval by an ordinary resolution at the AGM.

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## LETTER FROM THE BOARD

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#### **4. THE RESOLUTION OF BEIJING TIANHAI INDUSTRY CO., LTD. TO ACQUIRE 2% EQUITY INTEREST OF BEIJING JINGCHENG HAITONG TECHNOLOGY CULTURE DEVELOPMENT CO., LTD. HELD BY BEIJING NENGTONG LEASE COMPANY**

Reference is made to the announcement of the Company dated 28 April 2022 relating to the Acquisition. The transactions contemplated under the SPA are only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. According to the relevant requirements of the SSE Listing Rules, the Acquisition shall be subject to the approval of the Shareholders. Therefore, the Company proposes to submit the Acquisition for consideration and approval by the Shareholders at the AGM.

##### **(A) BACKGROUND**

Reference is made to the voluntary announcement of the Company dated 21 August 2018 relating to, among other things, the JV Agreement for the establishment of Jingcheng Haitong by Tianhai Industrial (a subsidiary of the Company) and Beijing Nengtong, for the purpose of jointly developing the Wufangqiao Plant of Tianhai Industrial into an integrated industrial park with garden-style high-end technical innovations, cultural innovations and business office as major functions.

According to the JV Agreement, if the total profit of Jingcheng Haitong for a year reaches RMB20 million and the major upgrade projects have been substantially completed, or if the occupancy rate of the industrial park as at the end of a year (being 31 December) reaches 80% or above, or upon the expiry of 5 years following the establishment of Jingcheng Haitong, Beijing Tianhai shall have the right to increase the capital of Jingcheng Haitong through conversion of debts into equity in view of the actual status of operation of Jingcheng Haitong in order to obtain the control over it following the increase in Tianhai Industrial's equity interest in Jingcheng Haitong from 49% to 51%. As the net assets of Jingcheng Haitong are less than RMB1 per share, having regard to the relevant regulatory requirements, such capital increase is considered not to be a suitable means to obtain the control over Jingcheng Haitong by Tianhai Industrial. After arm's length negotiations, Tianhai Industrial and Beijing Nengtong agreed to implement the change in control over Jingcheng Haitong by equity transfer.

##### **(B) THE ACQUISITION**

On 28 April 2022, Tianhai Industrial entered into the SPA with Beijing Nengtong, pursuant to which Beijing Nengtong has agreed to sell, and Tianhai Industrial has agreed to purchase the Sale Equity Interest at the consideration of RMB461,732. The principal terms of the SPA are summarised as follows:

##### **Date**

28 April 2022

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## LETTER FROM THE BOARD

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### **Parties**

1. Purchaser: Tianhai Industrial (a subsidiary of the Company)
2. Vendor: Beijing Nengtong

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing Nengtong and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person.

### **Sale Equity Interest to be acquired**

The Sale Equity Interest represents 2% of the entire equity interest in Jingcheng Haitong.

### **Consideration and payment terms**

The Appraised Value of 100% equity interest in Jingcheng Haitong as determined by the Independent Valuer was RMB23,086,600 and the parties determined the Consideration for the Acquisition to be RMB461,732 based on 2% of the Appraised Value. The Independent Valuer adopted the asset-based approach for the value of the entire equity interest in Jingcheng Haitong as at 31 December 2021. The asset-based approach determines the value of the valuation entity by assessing the value of the assets and liabilities on its balance sheet and other identifiable assets and liabilities off its balance sheet on a valuation reference date.

The Consideration shall be paid in the following manner:

1. Tianhai Industrial shall pay 50% of the consideration to a bank account designated by Beijing Nengtong within 10 business days after the date of the SPA.
2. Tianhai Industrial shall pay the remaining 50% of the consideration to a bank account designated by Beijing Nengtong within 5 business days after Completion.

The Consideration will be funded by the Company's internal resources.

### **Effectiveness of the SPA**

The SPA shall become effective upon the fulfilment of the following conditions:

1. the respective legal representatives or authorised representatives of the parties having signed the SPA and having affixed their official stamp thereto; and

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## LETTER FROM THE BOARD

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2. the passing of the ordinary resolution for approving the Acquisition at the general meeting of the Company, since the Acquisition is subject to approval by the general meeting of the Company under the SSE Listing Rules.

### **Completion**

Completion is regarded as having taken place after the fulfilment of the following conditions:

- (a) having obtained the necessary approval (if required) from any governmental department or regulatory body for the transfer of the Sale Equity Interest;
- (b) the issue of the updated register of members to Tianhai Industrial by Jingcheng Haitong; and
- (c) the formal transfer of the Sale Equity Interest from Beijing Nengtong to Tianhai Industrial, and the appearance of Tianhai Industrial as a shareholder holding 51% equity interest in Jingcheng Haitong at its industrial and commercial registration information.

Beijing Nengtong undertakes to assist Jingcheng Haitong to complete the change of industrial and commercial registration procedures as stated in paragraph (c) above within 30 days after the SPA has become effective.

### **(C) SUPPLEMENTAL AGREEMENT**

On 28 April 2022, Tianhai Industrial entered into the Supplemental Agreement with Beijing Nengtong to amend certain provisions of the JV Agreement to give effect to the following major matters:

1. The number of members at the board of directors of Jingcheng Haitong remains unchanged. The number of directors which Tianhai Industrial is entitled to nominate shall be increased from 2 to 3, whereas the number of directors which Beijing Nengtong is entitled to nominate shall be reduced from 3 to 2.
2. Jingcheng Haitong shall within 30 days after Completion repay RMB3 million shareholder's loan together with interests to Tianhai Industrial.

### **(D) INFORMATION ON JINGCHENG HAITONG**

Jingcheng Haitong is a limited liability company incorporated in the PRC with registered capital RMB80 million. It is principally engaged in property management; economic and trade consultation; office space lease; motor vehicle public parking services.

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## LETTER FROM THE BOARD

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Upon Completion, the Group's equity interest in Jingcheng Haitong will increase from 49% to 51% and Jingcheng Haitong will become a non-wholly owned subsidiary of the Company.

According to the financial statements of Jingcheng Haitong prepared under PRC accounting standards for business enterprises, the audited net asset value of the Jingcheng Haitong as at 31 December 2021 was approximately RMB23,057,383.60 and its net profit before and after tax for the two years ended 31 December 2020 and 31 December 2021 are set out below:

	<i>Approximate amount (RMB)</i>	
	<i>For the year ended 31 December 2020</i>	<i>For the year ended 31 December 2021</i>
Net profit before tax	-25,715,580.86	21,132,236.19
Net profit after tax	-25,715,580.86	21,132,236.19

### **(E) REASONS FOR AND BENEFITS OF THE ACQUISITION**

Upon Completion, the Group's equity interest in Jingcheng Haitong will increase to 51%, achieving control over Jingcheng Haitong which will be consolidated into the scope of financial statements of the Group. The Acquisition will expand the business scope of the Group and will contribute revenue to the Group through receiving rental income at the industrial park managed by Jingcheng Haitong and its dividend income, thereby strengthening the basis for the Group to achieve profits.

The Board is of the view that the SPA, the Supplemental Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms, and the terms are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

### **(F) ESTIMATED FINANCIAL EFFECT OF THE ACQUISITION ON THE GROUP**

According to the financial statements of Jingcheng Haitong prepared under PRC accounting standards for business enterprises, the recent key financial indicators of Jingcheng Haitong are as follows:

	<i>Amount (RMB)</i>		
	<i>As at 31 December 2020 (Audited)</i>	<i>As at 31 December 2021 (Audited)</i>	<i>As at 31 March 2022 (Unaudited)</i>
Total assets	284,762,162.34	313,751,095.91	325,288,905.71
Net assets	-13,615,307.05	23,057,383.60	32,034,249.60

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## LETTER FROM THE BOARD

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	<i>For the year ended 31 December 2020 (Audited)</i>	<i>For the year ended 31 December 2021 (Audited)</i>	<i>For the three months ended 31 March 2022 (Unaudited)</i>
Operating income	2,000.00	55,484,159.84	15,725,155.51
Net profit	-25,715,580.86	21,132,236.19	8,976,866.00

According to the consolidated financial statements of the Company prepared under PRC accounting standards for business enterprises, the recent key financial indicators of the Group are as follows:

	<i>Amount (RMB)</i>		
	<i>As at 31 December 2020 (Audited)</i>	<i>As at 31 December 2020 (Audited)</i>	<i>As at 31 December 2020 (Audited)</i>
Total assets	1,705,430,862.39	1,568,448,757.50	1,580,028,000.69
Net assets	1,001,604,933.45	961,412,047.34	958,476,954.61

	<i>For the year ended 31 December 2020 (Audited)</i>	<i>For the year ended 31 December 2021 (Audited)</i>	<i>For the three months ended 31 March 2022 (Unaudited)</i>
Operating income	1,088,296,501.51	1,182,664,494.03	279,765,054.92
Net profit	119,364,420.88	-41,235,891.79	-2,935,092.73

Upon Completion, the financial results of Jingcheng Haitong will be included in the consolidated statements of the Group. Using the audited total assets value of the Group as at 31 December 2021 (approximately RMB1,568,450,000) as denominator, it is estimated that the total assets value of the Group will increase by 20%. Using the audited net assets value of the Group as at 31 December 2021 (approximately RMB961,410,000) as denominator, it is estimated that the net assets value of the Group will increase by 2.4%. The final impact of the Acquisition to the consolidated financial statements of the Company will be determined based on the audit results.

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## LETTER FROM THE BOARD

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### **(G) LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but is below 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **(H) SHAREHOLDERS' APPROVAL**

In accordance with Rule 6.1.3 of the SSE Listing Rules, if the audited net profit of Jingcheng Haitong in 2021 represents more than 50% of the absolute value of the audited net profit of the Company in 2021 and the absolute amount exceeds RMB5 million, the Acquisition should be submitted to the general meeting of the Company for consideration. Therefore, the Company proposes to submit the Acquisition for consideration and approval by the Shareholders at the AGM.

To the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and thus no Shareholder would be required to abstain from voting on the resolution approving the Acquisition.

### **(I) INFORMATION ON THE PARTIES**

Tianhai Industrial is a company incorporated in the PRC with limited liability and a subsidiary of the Company. It is principally engaged in production of gas cylinders, accumulator shells, pressure vessels and auxiliary equipment, attachments components, fire extinguishers, fire extinguishing system products and components, gas cylinders for medical equipment, gas cylinders for life rescues, gas cylinders and components for food machineries, gas and wrapped cylinders and components for gas vehicles, gas storage special containers, bundled devices, cryogenic gas cylinders and components, LPG cylinders and components, aluminium cores, cylinders and components, new enhanced complex materials (complex materials such as carbon fibre, organic fibre and high strength glass fibre) and products, complex gas cylinders (natural gas storage cylinders for vehicles, gas storage cylinders for respirators, containers for water treatment), testing equipment for complex gas cylinders; providing installation, adjustment, maintenance, technical consultancy and services of self-production products; sales of self-production products; wholesale of cryogenic containers for storage and transportation; providing after-sales service and maintenance; import and export of commodities and technology and acting as import and export agency; renting of commercial premises.

The Company's business scope includes general freight; development, design, sales, installation, debugging and repair of cryogenic storage transport vessel, compressor (piston compressor, membrane compressor and nuclear membrane compressor) and accessories, machinery equipment and electrical equipment; technical consulting; technical service; economic trade consulting; goods import and export; technical import and export; and agency for import and export. The Company's controlling shareholder is Jingcheng Machinery Electric.

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## LETTER FROM THE BOARD

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Jingcheng Machinery Electric is a state-owned enterprise incorporated in the PRC. Its business scope includes labour dispatch; operation and management of state-owned assets within authorized scope; investment and investment management; property development, sale of real estate; property leasing; property management; technology transfer, technical training, technical consultation, technical services; sale of mechanical and electrical equipment (excluding vehicles); technology development.

Beijing Nengtong is a company incorporated in the PRC. Its business scope includes lease of audio-visual equipment, telecommunications equipment, medical equipment, amusement facilities, transport equipment, machinery and equipment, commercial service facilities; office lease; sale of hardware, conversion materials, computers and peripherals, machinery and equipment, electrical equipment, instrumentation, building materials, auto parts.

North Sea New East Real Estate Development Company\* (北海新東方房地產開發公司) is the sole shareholder of Beijing Nengtong and was cancelled on 25 September 1996. Beijing Nengtong is a collectively owned enterprise (集體所有制企業). Beijing Nengtong implements general manager accountability system. Wei Mingkang is its general manager and legal representative, being responsible for the day-to-day management and decision-making on behalf of Beijing Nengtong. Wei Mingkang is a third party independent of the Company and its connected persons.

### **5. THE AGM**

A notice convening the AGM to be held on 9 June 2022 (Thursday) 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.

### **6. VOTING BY WAY OF POLL**

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

### **7. ADDITIONAL INFORMATION**

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

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## LETTER FROM THE BOARD

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### 8. RECOMMENDATION

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

Yours faithfully,  
By order of the Board  
**Beijing Jingcheng Machinery Electric Company Limited**  
**Luan Jie**  
*Company Secretary*

\* *For identification purposes only*

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## APPENDIX I 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE

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During 2021, 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 9 meetings in total and attended the 2020 annual general meeting, the first extraordinary general meeting of 2021, the first class A Shareholders' meeting in 2021, the first class H Shareholders' meeting in 2021 and all Board meetings. 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 standard operation level and practically protected the Company's and Shareholders' legal interests. The 2021 Work Report of the supervisory committee of the Company is set out below:

### I. Work of the supervisory committee in 2021

The supervisory committee of the Company establishes a sound meeting and working system, which can be implemented strictly. The supervisory committee convened 9 meetings in total in 2021, details of which are set out below:

Sessions	Date	Resolutions of the meetings
The tenth meeting of the tenth session of the supervisory committee	19 January 2021	<ol style="list-style-type: none"><li>1. To consider and approve, on a case-by-case basis, the "Resolution in relation to the amendment of the Company's Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds proposal"</li><li>2. To consider and approve the "Resolution in relation to the Report (Draft) (Revised Draft) on the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds by Beijing Jingcheng Machinery Electric Company Limited and its Summary"</li></ol>
The eleventh meeting of the tenth session of the supervisory committee	17 March 2021	<ol style="list-style-type: none"><li>1. The 2020 Supervisory Committee's Work Report was considered and approved, and will be submitted to the 2020 annual general meeting for consideration</li></ol>

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**APPENDIX I 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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<b>Sessions</b>	<b>Date</b>	<b>Resolutions of the meetings</b>
		<ol style="list-style-type: none"><li>2. The full text and abstract of the 2020 Annual Report and H Shares Results Announcement of the Company were considered and approved</li><li>3. The 2020 Audited Financial Report of the Company was considered and approved</li><li>4. The 2020 Internal Control Assessment Report of the Company was considered and approved</li><li>5. The 2020 Audit Report on Internal Control over Financial Report of the Company was considered and approved</li><li>6. The 2020 Social Responsibility Report of the Company was considered and approved</li><li>7. The proposal of the Company not to distribute any profit for the year 2020 was considered and approved</li><li>8. The resolution on the provision for impairment of the Company in 2020 was considered and approved</li><li>9. The resolution on the Company's application for cancellation of the delisting risk warning to the Shanghai Stock Exchange was considered and approved</li><li>10. The resolution on the entering into of the 2021 Cooperation Framework Agreement and Related Party Transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, and Beijing Jingcheng Zhitong Robot Technology Co., Ltd. was considered and approved</li></ol>
The twelfth meeting of the tenth session of the supervisory committee	19 March 2021	The Company's report in relation to the deposit and use of funds raised in 2020 was considered and approved

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**APPENDIX I 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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<b>Sessions</b>	<b>Date</b>	<b>Resolutions of the meetings</b>
The thirteenth meeting of the tenth session of the supervisory committee	29 April 2021	The resolution in relation to the Company's first quarterly report for 2021 was considered and approved
The fourteenth meeting of the tenth session of the supervisory committee	11 June 2021	The "Resolution in relation to Continuance of the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds of Beijing Jingcheng Machinery Electric Company Limited" was considered and approved
The fifteenth meeting of the tenth session of the supervisory committee	11 August 2021	<ol style="list-style-type: none"><li>1. The resolution in relation to the full text and abstract of the 2021 A Shares Interim Report and the H Shares results announcement of the Company were considered and approved</li><li>2. The resolution in relation to the provision for impairment of the Company in the first half year of 2021 was considered and approved</li><li>3. The resolution in relation to the granting of banking facilities to Tianjin Tianhai High Pressure Container Co., Ltd., a subsidiary of Beijing Tianhai Industry Co., Ltd., in obtaining credit facilities by way of security from Shanghai Pudong Development Bank and applying for bank acceptance of up to RMB80 million in batches was considered and approved</li><li>4. The resolution in relation to the Special Report on the Deposit and Use of Raised Funds in the first half of 2021 was considered and approved</li><li>5. The resolution in relation to the Internal Audit Report on the Deposit and Use of Raised Funds of the Company in the first half of 2021 was considered and approved</li></ol>

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**APPENDIX I 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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<b>Sessions</b>	<b>Date</b>	<b>Resolutions of the meetings</b>
The sixteenth meeting of the tenth session of the supervisory committee	3 September 2021	<ol style="list-style-type: none"><li>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</li><li>2. 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 the Company” was considered and approved</li><li>3. The “resolution in relation to the “Report (draft) (revised edition) 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</li><li>4. The “resolution in relation to the entering into of the conditional “Supplement Agreement to the Asset Acquisition by way of Share Issuance and Cash Payment Agreement” and “Supplement Agreement to the Performance Compensation Agreement” executed by the Company” was considered and approved</li><li>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</li></ol>

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**APPENDIX I 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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<b>Sessions</b>	<b>Date</b>	<b>Resolutions of the meetings</b>
		<p>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 being 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</p>
		<p>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 being in compliance with the requirements of Articles 11 and 43 of the “Administrative Measures for the Material Asset Reorganisations of Listed Companies” was considered and approved</p>
		<p>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 being in compliance with the requirements of Article 44 of the “Administrative Measures for the Material Asset Reorganisations of Listed Companies”” was considered and approved</p>
		<p>9. The “resolution on this transaction being in compliance with the requirements of Article 39 of the “Administrative Measures for the Issuance of Securities by Listed Companies”” was considered and approved</p>

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**APPENDIX I 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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<b>Sessions</b>	<b>Date</b>	<b>Resolutions of the meetings</b>
		10. The “resolution on 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 that the relevant entities involved in this transaction 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
		12. The “description on the completeness and compliance of legal procedures and the validity of the legal documents submitted in relation to the transaction of the Company” was considered and approved
		13. The “resolution that the transaction of the Company does not constitute a related party transaction” was considered and approved
		14. The “resolution in relation to the effect of the transaction on the immediate returns and the remedial measures on recovering of immediate returns of the Company” was considered and approved

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**APPENDIX I 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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<b>Sessions</b>	<b>Date</b>	<b>Resolutions of the meetings</b>
		<p>15. The “resolution in relation to the opinions on 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</p> <p>16. The “resolution in relation to the approval of the audit report, valuation report and pro forma review report on the transaction” was considered and approved</p> <p>17. The “resolution in relation to the reply to the audit opinion of the merger and Acquisition Reorganisation Committee in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds” was considered and approved</p> <p>18. The “resolution that the adjustments to the transaction proposal do not constitute a material adjustment to the restructuring proposal” was considered and approved</p>
The seventeenth meeting of the tenth session of the supervisory committee	28 October 2021	<p>1. The 2021 Third Quarterly Report of the Company was considered and approved</p> <p>2. The Resolution in relation to the Adjustment of the Registered Capital and Re-recognition of the Proportion of Shareholding in Beijing Tianhai Industry Co., Ltd. in connection with the Unilateral Capital Injection Project from the Company to Beijing Tianhai Industry Co., Ltd. was considered and approved</p>

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**APPENDIX I 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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<b>Sessions</b>	<b>Date</b>	<b>Resolutions of the meetings</b>
The eighteenth meeting of the tenth session of the supervisory committee	23 November 2021	<p>3. The Resolution in relation to the Loan of up to US\$3 million from Cathay United Bank to BTIC America Corporation (a subsidiary of the Company) was considered and approved</p> <p>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</p> <p>2. The “resolution in relation to the adjustment to the proposal of the asset acquisition by way of share issuance and cash payment transaction of the Company” was considered on a case-by-case basis</p> <p>3. The “resolution in relation to the adjustments to the transaction proposal do not constitute a material adjustment to the restructuring proposal” was considered and approved</p> <p>4. The “resolution in relation to the “Report (draft) (revised edition) 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</p> <p>5. The “resolution in relation to the entering into of the conditional “Supplemental Agreement (II) to the Asset Acquisition by way of Share Issuance and Cash Payment and Raising of Supporting Funds Agreement” and the “Supplemental Agreement (II) to the Performance Compensation Agreement”” was considered and approved</p>

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**APPENDIX I 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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<b>Sessions</b>	<b>Date</b>	<b>Resolutions of the meetings</b>
		6. The “resolution on the approval of the audit report and pro forma review report in relation to the transaction” was considered and approved
		7. The “resolution on the Reply to the Feedback on the “Notification of One-time Feedback on the Examination of Administrative License Items by China Securities Regulatory Commission” by Beijing Jingcheng Machinery Electric Company Limited” was considered and approved
		8. The “resolution in relation to the completeness and compliance of the statutory procedures and the validity of the legal documents submitted in connection with the Transaction” 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. The Directors and senior management officers 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 2021 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 the Deposit and Use of Funds Raised by the Company**

During the reporting period, verification was conducted on the deposit and use of proceeds of RMB214.83 million from the non-public issuance of 63 million A shares in 2020. The Company used the proceeds in accordance with the relevant laws, regulations and regulatory documents and disclosed the use of the proceeds in a timely manner, and there were no irregularities in the use and management of the proceeds.

#### **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.

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 transaction: the resolution in relation to the entering into of the 2021 cooperation framework agreement and related party transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company and Beijing Jingcheng Zhitong Robot Technology Co., Ltd. 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 2021 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. External Guarantee and Fund Occupation**

During the reporting period, there were no external guarantees and no misappropriation of funds by the Company.

#### **X. Work Plan of the Supervisory Committee for the year 2022**

In 2022, 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 2022, 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.

By Order of the Supervisory Committee  
**Tian Dongqiang**  
*Chairman of the Supervisory Committee*

17 March 2022

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 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 2021 as follows:

## I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS

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

**Xiong Jianhui**, Chinese, male, aged 47. 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.

**Zhao Xuguang**, Chinese, male, aged 43. 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.

**Liu Jingtai**, Chinese, male, aged 58. 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, External Director of Tianjin Zhonghuan Electronic Information Group Limited. 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 an independent non-executive director of the tenth session of the Board of the Company.

**Luan Dalong**, Chinese, male, aged 58. 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.

## (2) Positions held in the Board committees

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

1. Member 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

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.

During 2021, 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 2021, the Company held 4 general meetings and 9 Board meetings (in which: 3 meetings were held on-site and 6 meetings were held through communication equipment). Our attendance and votes are as follows:

## (1) Attendance of the Board meetings:

Name of Director	Independent Director or not	Required attendance during the year	Attendance in person	Attendance by		Absence	Absence from two consecutive meetings or not	Number of general meetings attended
				communication equipment	Attendance by proxy			
Xiong Jianhui	Yes	9	3	6	0	0	No	4
Zhao Xuguang	Yes	9	3	6	0	0	No	4
Liu Jingtai	Yes	9	3	6	0	0	No	4
Luan Dalong	Yes	9	3	6	0	0	No	4

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

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

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

In 2021, we continue to pay attention to the operating results of the Company and the implementation of the resolutions of the Shareholders' meetings and Board meetings, the completeness and authenticity of information disclosure, the nomination and remuneration of senior management members; possible matters that may cause significant impact or loss that harm the interests of minority Shareholders. There are mainly the following aspects:

**(1) Connected Transactions:**

On 17 March 2021, as independent Directors of the Company, we expressed the following independent views on the resolution submitted to the third meeting of the tenth session of the Board of the Company for consideration in relation to the entering into of the 2021 cooperation framework agreement and related party transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, and Beijing Jingcheng Zhitong Robot Technology Co., Ltd.

- (1) At the third meeting of the tenth session of the Board of the Company, Mr. Wang Jun, a director of the Company who is a connected person, abstained from voting on the “resolution in relation to the entering into of the 2021 cooperation framework agreement and related party transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, and Beijing Jingcheng Zhitong Robot Technology Co., Ltd.”. These connected transactions were not prejudicial to the interests of the Company and its Shareholders, in particular the minority Shareholders, and complied with the standard requirements of the Company or information disclosure and decision-making process.
- (2) The connected transactions between the Company and the related parties were in line with the strategic development needs of the Company to build a smart factory, and the related party transactions followed the principles of fairness, impartiality and openness and were in compliance with the relevant laws, regulations and the “Articles of Association”. There are no circumstances that would prejudice the interests of the Company and its Shareholders, in particular the minority Shareholders.

In view of the above, we agree that the “Resolution of entering into of the 2021 cooperation framework agreement and related party transactions between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, and Beijing Jingcheng Zhitong Robot Technology Co., Ltd.” to be submitted to the third meeting of the tenth session of the Board of consideration.

**(2) External guarantee and misappropriation of capital**

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

**(3) Mortgage loan**

On 11 August 2021, the fifth meeting of the tenth session of the Board of the Company considered and approved the resolution in relation to the granting of banking facilities to Tianjin Tianhai High Pressure Container Co., Ltd., a subsidiary of Beijing Tianhai Industry Co., Ltd., in obtaining credit facilities by way of security from Shanghai Pudong Development Bank and applying for bank acceptance of up to RMB80 million in batches. For the above-mentioned resolution, we attended the relevant Board meeting and had no objection.

**(4) Disposal of assets**

There was no disposal of assets by the Company.

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

On 17 March 2021, the resolution in relation to the result of the remuneration and performance assessment for the senior management of the Company for the year 2020 was considered and approved at the third meeting of the tenth session of the Board of Directors of the Company. For the above-mentioned resolution, we attended the relevant Board meeting and had no objection.

On 28 October 2021, the resolution in relation to the change of the chief accountant (financial controller) of the Company was considered and approved at the sixth meeting of the tenth session of the Board of the Company, which was for the nomination of Mr. Man Huiyong as a non-executive Director candidate of the tenth session of the Board of the Company. For the above-mentioned resolution, we attended the relevant Board meeting and had no objection.

**(6) Results forecast and preliminary results estimate**

During the reporting period, the Company disclosed the annual results forecast for 2020, of which the illustration results were in a timely manner, accurate and complete.

**(7) Engagement or change of external auditors**

1. We, being the independent Directors of the Company, have completed a prior review of the relevant resolutions proposed by the Company on 17 March 2021 to the third meeting of the tenth session of the Board for approval, and expressed our prior approval opinion as follow:

- I. The resolution in relation to the appointment of the auditor for the 2021 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 2020 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 2021 financial report of the Company to the Board for consideration and approval.

Having considered the size of the Company and the workload of auditing, we were of the view that payment for the audit fee for 2020 to ShineWing Certified Public Accountants (Special General Partnership) was reasonable.

- II. The resolution in relation to the appointment of the auditor for the 2021 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 2020 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 re-appointment of Da Hua Certified Public Accountants (Special General Partnership) as auditor for the 2021 internal control report of the Company to the Board for consideration and approval.

Having considered the size of the Company and the workload of auditing, we were of the view that payment for the audit fee for 2020 to Da Hua Certified Public Accountants (Special General Partnership) was reasonable.

2. On 17 March 2021, 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 third meeting of the tenth session of Board, in respect of certain Board resolutions, we express our independent opinion as follows:

As the independent non-executive Directors of the tenth session of Board of the Company, after reviewing relevant documents, we are of the opinion that:

***I. The resolution in relation to the Company’s 2021 Annual Report on Internal Control Evaluation***

During the reporting period, the existing internal control system of the Company was adapted to the characteristics of the Company’s business and the actual situation of its operation. The Company’s internal control system complied with the “Basic Standards for Enterprise Internal Control”, “Guidelines for the Application of Enterprise Internal Control” and the regulatory requirements of the regulatory authorities. In the key activities of the Company’s operation and management, the provisions of the Company’s internal control systems can be implemented, and the Company can reasonably use the funds raised in accordance with the various regulatory systems to ensure that the use of the funds raised is in full compliance with the regulatory requirements, and the various internal control systems ensure the normal operation and management of the Company, and are reasonable, complete and effective. The self-evaluation report on the Company’s internal control reflects the establishment and operation of the Company’s internal control system in a true and objective manner, and there are no material and significant deficiencies.

***II. The resolution in relation to the re-appointment of the auditor for the 2021 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) were able to conduct the auditing work in accordance with the Independent Auditing Standards and strictly followed the professional practice standards of independence, fairness and impartiality. It has smoothly completed the auditing work of the 2020 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 2021 financial report of the Company. The content of the audit includes financial statements of the Company and its subsidiaries within the scope of the consolidated statements and specific audit report for the year 2021 on the appropriation of funds by the controlling Shareholder and other connected persons etc..

*III. The re-appointment of the auditor for the 2021 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) were able to conduct the auditing work in accordance with the Independent Auditing Standards and strictly followed the professional practice standards of independence, fairness and impartiality. It has smoothly completed the auditing work of the 2020 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 2021 internal control report of the financial report of the Company. The content of the audit includes giving audit opinion on the effectiveness of the internal control of financial statements and disclosing major deficiencies of internal control discovered on the non-financial report etc..

**(8) Major Asset Reorganization of the Company**

1. We, being independent Directors of the Company, have completed a prior review of the relevant resolutions in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds proposed by the Company at the ninth extraordinary meeting of the tenth session of the Board on 19 January 2021, the eleventh extraordinary meeting of the tenth session of the Board on 11 June 2021, the twelfth extraordinary meeting of the tenth session of the Board on 3 September 2021 and the thirteenth extraordinary meeting of the tenth session of the Board on 23 November 2021. In accordance with the principles of independence, objectivity and impartiality, and on the basis of our

understanding of the relevant information and based on our independent judgment, we have carefully examined the relevant contents and agreed to submit them to the Board for consideration.

2. We, being independent Directors of the Company, have considered the relevant resolutions in relation to the asset acquisition by way of share issuance and cash payment and raising of supporting funds at the ninth extraordinary meeting of the tenth session of the Board on 19 January 2021, the eleventh extraordinary meeting of the tenth session of the Board on 11 June 2021, the twelfth extraordinary meeting of the tenth session of the Board on 3 September 2021 and the thirteenth extraordinary meeting of the tenth session of the Board on 23 November 2021. We expressed our independent opinion on the resolutions of the aforesaid Board meetings after having fully understood and reviewed the resolutions of the Board meetings of the Company. Through this transaction, the Company has seized the industry opportunity to integrate quality resources, which is conducive to the enhancement of the Company's sustainable operation and its long-term development and is in the interests of the Company and all Shareholders, and is not detrimental to the interests of the Company's minority Shareholders. The Board agrees with the general arrangements of the Company in respect of the transaction.
3. We, being independent Directors of the Company, have considered the relevant resolutions at the twelfth extraordinary meeting of the tenth session of the Board of the Company held on 3 September 2021 in relation to the resolution on the asset acquisition by way of share issuance and cash payment and raising of supporting funds by the Company. We expressed our independent opinion on the independence of the appraisal agency, the reasonableness of the premises of the appraisal assumptions, the relevance of the appraisal method to the purpose of the appraisal and the fairness of the appraisal pricing in relation to the resolution on the asset acquisition by way of share issuance and cash payment and raising of supporting funds by the Company. The price of the subject assets involved in the transaction is based on the valuation results confirmed in the relevant valuation report issued by the appraisal agency and was determined by the Company in consultation with the counterparty. The price of the share issue of the Company is in compliance with the relevant laws and regulations, the pricing of the transaction is in compliance with the relevant laws and regulations and the "Articles of Association", the pricing is fair and the procedure is impartial and without prejudice to the interests of the listed company and its Shareholders.

#### **(9) The Resolution on the Deposit and Use of Funds Raised**

On 19 March 2021, the tenth extraordinary meeting of the tenth session of the Board of the Company considered and approved the report of the Company on the deposit and use of proceeds for the year 2020.

On 11 August 2021, the fifth meeting of the tenth session of the Board of the Company considered and approved a special report on the deposit and use of the Company's proceeds for the half year of 2021.

Having fully understood and considered the motion at the meeting of the Company, we are of the view that the Company has strictly managed the funds raised in accordance with the provisions of the "Fund Raising Management Measures" and the use of the funds raised has fulfilled the corresponding decision-making procedures. The Company's deposit and utilisation of the funds raised were in compliance with the relevant regulations of the CSRC, the SSE and the Company, and there were no irregularities in the use of the funds raised, no change or disguised change in the investment of the funds raised and no damage to the legitimate interests of the Company and its Shareholders, in particular 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 2021, 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 is developed in an orderly manner; reasonably ensure the financial information of the Company is true, legal, complete; ensure the information is disclosed in a true, accurate, complete and timely manner; ensure all investors have fair, open and justiciable treatment and the interests of the Company and the investors are protected.

#### **(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 2021, the Company held 2 strategic committee meetings of the Board, 9

audit committee meetings of the Board, 2 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 committees operated within their standardised frameworks and played their respective 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 2021, 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 2022, 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 2022

## Comparison table of the changes to the Fund Raising Management Measures

No.	Original system	After amendment	Reasons and basis for amendment
1	Article 1: In accordance with requirements under the “Securities Law”, the “Company Law”, the “Rules Governing the Issue of Securities by Listed Companies”, the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Supervisory Guidelines for Listed Companies No. 2 – Supervisory Requirements for the Management and Use of Funds Raised by Listed Companies”, etc.	Article 1: In accordance with requirements under the “Securities Law”, the “Company Law”, the “Rules Governing the Issue of Securities by Listed Companies”, the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange”, the “Supervisory Guidelines for Listed Companies No. 2 – Supervisory Requirements for the Management and Use of Funds Raised by Listed Companies”, and the “Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations”, etc.	The system based on has been revised
2	Article 12: In the event that the use of funds raised exceeds the planned amount or regulations, the decision shall be made at the general manager’s general meeting if the excess is within 10% of the planned amount (including 10%); if the excess is more than 10% of the planned amount, it shall be approved by the Board.	Article 12: In the event that the use of funds raised exceeds the planned amount or regulations, the Company’s comprehensive budget management system and other relevant regulations shall be implemented	Modified according to the actual situation of the Company

No.	Original system	After amendment	Reasons and basis for amendment
3	<p>Article 13: Investment projects with funds raised shall be invested strictly in accordance with the project budget. If, for special reasons, the budget must be exceeded, the project shall be approved in accordance with the following procedures:</p>	Deleted	Deletion of clause not required by statute
	<ol style="list-style-type: none"> <li data-bbox="320 740 671 1166">1. The department in charge of the project shall prepare a report on the over-budget of the investment project, stating in detail the reasons for the over-budget, the explanation of the preparation of the new budget and the measures to control the budget.</li> <li data-bbox="320 1208 671 1453">2. If the actual amount of investment exceeds the budget by less than 5% (including 5%), it shall be approved at the general manager’s office meeting;</li> <li data-bbox="320 1495 671 1708">3. If the actual amount of investment exceeds the budget by 5% to 10% (including 10%), it shall be approved by the Board;</li> <li data-bbox="320 1751 671 1989">4. If the actual amount of investment exceeds the budget by more than 10%, approval shall be given at the general meeting of Shareholders.</li> </ol>		

No.	Original system	After amendment	Reasons and basis for amendment
4	Article 17: If the excess funds are to be used for permanent replenishment of working capital or repayment of bank loans, they shall be approved by the Board or at the general meeting of the Company, and the independent Directors, supervisory committee and sponsor institution shall give their definite consent	Article 16: If the excess funds are to be used for permanent replenishment of working capital or repayment of bank loans, they shall be considered and approved by the Board and at the general meeting of the Company, and Shareholders shall be provided with the means to vote by internet voting, and the independent Directors, supervisory committee and sponsor institution shall give their definite consent	Additions to Clause 6.3.23 of the “Guidelines on Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations”
5	Article 25: Individuals, legal persons or other organisations having effective control over the Company and their associates shall be prohibited from appropriating funds raised by the Company.	Article 24: The controlling Shareholder or de facto controller of the Company shall not directly or indirectly occupy or misappropriate the funds raised by the Company, and shall not use the funds raised by the Company or the investment projects of the funds raised to obtain improper benefits.	Amended in accordance with Article 6.3.8 of the “Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations”
6	Article 26: The funds raised by the Company shall be used in accordance with the purposes set out in the prospectus or offering circular	Article 25: The funds raised by the Company shall be used in accordance with the purposes set out in the prospectus or public offering document	In accordance with Article 13 of the new “Securities Law”, the expression “offering circular” has been changed to “public offering document”.

No.	Original system	After amendment	Reasons and basis for amendment
7	Article 30: Where the Company intends to transfer or replace the fund-raising project externally (except where the fund-raising project has been fully transferred or replaced externally in a major asset reorganization implemented by the listed company)	Article 29: Where the Company intends to transfer or replace the fund-raising project externally (except where the fund-raising project has been fully transferred or replaced externally in the company’s implementation of a major asset restructuring)	Textual amendments
8	Article 31: The general manager or the chief accountant shall convene an office meeting at least once a month to inspect the use of the funds raised.	Deleted	Deletion of clause not required by statute
	Article 32: The general manager or the chief accountant shall report in writing to the Board on the use of the funds raised at the end of each quarter. The above special report shall be copied to the supervisory committee at the same time.		

No.	Original system	After amendment	Reasons and basis for amendment
9	<p>Article 36: The use of the funds raised shall be supervised by the audit department of the Company on a daily basis. The audit department shall conduct a special audit on the use of the proceeds once every six months and report the audit report to the Board, with a copy to the supervisory committee, the chairman of the Board and the general manager.</p> <p>Article 37: The independent Directors shall have the right to inspect the use of the funds raised. With the consent of all independent Directors, an accounting firm qualified in securities business may be engaged to conduct a special audit on the use of the proceeds.</p>	Deleted	Deletion of clause not required by statute
10	<p>Article 38: The supervisory committee shall have the right to supervise the use of the funds raised</p>	Deleted	The deleted clause is provided for in Article 31

No.	Original system	After amendment	Reasons and basis for amendment
11		<p><b>Addition:</b></p> <p>Article 33: After the end of each fiscal year, the Board of the Company shall disclose in the “Special Report on the Fund Raising”, the special verification report of the sponsor institution and the conclusive opinion of the certification report of the accounting firm</p>	<p>New clause 6.3.26 of the “Guidelines for Self-regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations”</p>
12	<p>Article 39: This measure shall take effect upon approval by the Board and report to the general meeting of the Company, and any amendment thereto.</p>	<p>Article 34: This measure shall enter into force upon approval by the Board of the Company and shall be amended in the same manner.</p>	<p>To adjust the power to make and amend permits at the general meeting to the Board in accordance with the provisions of the “Company Law”</p>
13	<p>Article 41: This measure shall come into effect on the date of its approval at a general meeting of the Company</p>	<p>Deleted</p>	<p>To adjust the power to make and amend permits at the general meeting to the Board in accordance with the provisions of the “Company Law”</p>

For a total of 13 main changes to the content, one addition, seven revision and five deletion. Save for the above amendments and the adjustment of the serial numbers of the articles as a result of the amendments, the other articles of the “Fund Raising Management Measures” remain unchanged.

The “Fund Raising Management Measures” have been prepared in Chinese and the English translation is for reference only. In the event of any discrepancy between the English and Chinese versions of the “Fund Raising Management Measures”, the Chinese version shall prevail.

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## NOTICE OF AGM

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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)

### NOTICE OF 2021 ANNUAL GENERAL MEETING

#### I. BASIC INFORMATION OF THE MEETING

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting ( the “**Annual General Meeting**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) will be convened by the board of directors (the “**Board**”) and the relevant matters of the meeting are as follows:

- (1) Type and Session of the General Meeting: The 2021 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 2022 (Wednesday)
- (5) Date, time and venue of the on-site meeting

Date and time: 9 June 2022 (Thursday) at 9:30 a.m.

Venue: Conference Room, No. 6 Rongchang East Street, Daxing District, Beijing, PRC

#### 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 2021;
2. To consider the 2021 work report of the Board of the Company;
3. To consider the 2021 work report of the supervisory committee of the Company;
4. To consider the 2021 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 2021;
6. To consider the 2021 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 2022 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 2022 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 2021;
10. To propose for the amendment of the "Fund Raising Management Measures";
11. To consider the resolution of Beijing Tianhai Industry Co., Ltd. to acquire 2% equity interest of Beijing Jingcheng Haitong Technology Culture Development Co., Ltd. held by Beijing Nengtong Lease Company; and

### **Special resolution**

12. 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 2022, 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 2022 to 9 June 2022 (both days inclusive), during which 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

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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 2022.

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
Fax:	8610-58766735
Contact person:	Office of the Board of the Company Address: No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, the PRC
Postal code:	101109
2. The Annual General Meeting is expected to last for half a day. Attendees should bear their own accommodation, meals and travel expenses.

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## NOTICE OF AGM

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3. For 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.
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](http://www.sse.com.cn)).

*The Board of*  
**Beijing Jingcheng Machinery Electric Company Limited**

Beijing, the PRC  
10 May 2022

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