

Beijing Jingcheng Machinery Electric Company Limited
Fund Raising Management Measures

Chapter 1: General Provisions

Article 1: In order to standardize the management and utilization of the raised fund of Beijing Jingcheng Machinery Electric Company Limited (the “Company”) and safeguard the interest of investors, these Measures are formulated in accordance with the requirements of the Securities Law, the Companies Law”, the Code of Corporate Governance for Listed Companies and the Listing Rules, etc. and taking into account the Company’s actual conditions

Article 2: The raised fund referred in these Measures means funds raised from the public for specific use through the issuance of shares (including initial public offering, share placement and the issuance of additional shares after listing) or by issuing convertible bonds .

Article 3: When the raised fund is collected, capital verification procedures shall be carried out in a timely manner by the Company, and a capital verification report shall be prepared by an accounting firm qualified for securities business. The Company shall organize the utilization of the raised fund according to the plan for the use of proceeds as set forth in the prospectus immediately. The utilization of raised fund shall follow the careful planning, detailed consideration, standardized operation, openness and transparency principles of the Company.

Article 4: No one has the power to change the use of raised funds as announced in the prospectus of raised fund unless shareholders have passed a resolution at the general meeting in accordance with the law.

Article 5: In case any breach of these Measures has incurred any loss (including financial and reputational) on the Company, the responsible person shall receive punishment according to the specific situation and assume civil compensation liability if necessary.

Chapter 2 Deposit of the raised fund

Article 6: The raised fund of the Company shall be deposited according to the principles of concentration and convenience for supervision.

Article 7: The raised fund shall be deposited in a specific bank account set up by the Company. A raised fund specific account management agreement for the raised fund account shall be entered into between the bank and the Company.

Article 8: In case when the raised fund is over RMB 50 million, and it is necessary to open specific accounts in more than one bank because of loan arrangements, the principle that the raised fund for the same investment objective should be deposited in the same specific account should be followed .

Chapter 3: Use of raised fund

Article 9: The basis for the use of raised fund is the proposal for the use of raised fund.

Article 10: The proposal for the use of raised fund is prepared and approved according to the following procedures:

1. The department of the Company responsible for the project prepares a proposal for the use of raised fund (draft) based on the

feasibility report of the investment project using the raised fund;

2. The proposal for the use of raised fund (draft) shall be reviewed by the general manager in a work meeting;

3. The proposal for the use of raised fund (draft) is subject to approval by the Board.

Article 11: When using the raised fund, an application form shall be completed by the department (unit) using the raised fund, which shall be jointly signed by the chairman, general manager and the chief accountant and executed by the finance department of the Company.

Article 12: When the use of raised fund exceeds the planned limit or requirement, if the exceeded amount is within 10% of the planned amount (including 10%), a decision shall be made by work meeting of the general manager; if the exceeded amount is above 10% of the planned amount, it shall be approved by the Board.

Article 13: The raised fund investment project shall be strictly funded according to the project's budget. In case there is any special reason in which the budget has to be exceeded, the following procedures have to be followed for consideration and approval:

1. The department of the Company responsible for the project prepares an over-budget report which states in details the reason for over-budget, explanation on the preparation of new budget and measures implemented to control over-budget;

2. If the actual investment amount exceeds the budget by 5% or less, it shall be approved by the general manager in work meeting;

3. If the actual investment amount exceeds the budget by more than 5% but within 10% (including 10%), it shall be approved by the Board;

4. If the actual investment amount exceeds the budget by more than 10%, it shall be approved by the general meeting.

Article 14: In the premise that the construction of the raised fund investment project will not be affected, the raised fund can be used to supplement the liquidity, or used in short-term investment not exceeding six months within the scope as permitted by laws, regulations and normative documents of securities regulatory authorities.

When the raised fund is used to supplement liquidity, it shall be approved by the general manager in a work meeting; when it is used for short-term investment, it shall be approved by the Board.

Article 15: The raised fund of the Company shall not be invested in stocks and futures, unless shareholders have passed a resolution at the general meeting in accordance with the law.

Article 16: When the raised fund investment project is in the form of establishing a joint venture company with third parties, the said joint venture company shall draw up a corresponding fund raising management measures, and submit it to the Board of the Company for consideration and approval together with the feasibility report of the fund raising investment projects.

Chapter 4 Reporting and of usage of raised fund

Article 17: Meetings shall be convened by the general manager or the chief accountant at least once a month to review the use of raised fund.

Article 18: The general manager or the chief accountant shall report

to the Board in writing in respect of the use of the raised fund at the end of each quarter. A copy of the special report mentioned above shall also be sent to the Supervisory Committee.

Article 19: The Board shall report to the investors in the annual general meeting and regular reports, namely the annual reports, the interim reports and the quarterly reports in respect of the use of the raised fund.

Article 20: The draft of the information disclosure of the use of raised fund shall be led by the Secretary of the Board, and co-signed by the financial department and audit department.

Chapter 5 Supervision of the use of raised fund

Article 21: Daily supervision in respect of the raised fund shall be performed by the audit department of the Company. The use of raised fund shall be audited once every six months by the audit department. The audit report shall be delivered to the Board, and a copy shall also be provided to the Supervisory Committee, the chairman and the general manager.

Article 22: Independent directors have the right to review the use of raised fund. Subject to the approval from all independent directors, an accounting firm qualified for securities business can be appointed to perform specific audit in respect of the use of raised fund.

Article 23: Supervisory Committee has the power to supervise the use of raised fund.

Chapter 6: Supplementary Provisions

Article 24: These Measures are subject to approval from the Board and shall be submitted to the general meeting of the Company for shareholders' approval. The same applies to any amendment.

Article 25: These Measures are to be interpreted by the Board of the Company.

Article 26: These Measures are to be implemented from the date of obtaining shareholders' approval at the general meeting of the Company.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited
February 2014