
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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北京京城機電股份有限公司

Beijing Jingcheng Machinery Electric Company Limited

(a joint stock limited company established in the People's Republic of China)

(Stock Code: 0187)

2015 ANNUAL REPORT

2015 WORK REPORT OF THE BOARD OF DIRECTORS

2015 WORK REPORT OF THE SUPERVISORY COMMITTEE

2015 AUDITOR'S AUDITED FINANCIAL REPORTS

2015 AUDITOR'S AUDITED INTERNAL CONTROL REPORT

REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

APPOINTMENT OF THE AUDITOR FOR 2016 FINANCIAL REPORTS

APPOINTMENT OF THE AUDITOR FOR 2016 INTERNAL CONTROL REPORT

NO PROFIT DISTRIBUTION PLAN FOR 2015

RESOLUTION IN RELATION TO THE AMENDMENT OF "MANAGEMENT MEASURES ON THE EFFICIENCY ASSESSMENT OF SENIOR MANAGEMENT" BY THE COMPANY

CONNECTED TRANSACTION

(1) NON-EXERCISE OF RIGHT OF FIRST REFUSAL

(2) BEIBA MEDIA EQUITY INTEREST EXCHANGE AGREEMENT

(3) JINGGUOFA EQUITY INTEREST EXCHANGE AGREEMENT

AND

NOTICE OF ANNUAL GENERAL MEETING

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

Independent Financial Adviser

to the Independent Board Committee and the Independent Shareholders



Grand Vinco Capital Limited

(a wholly-owned subsidiary of Vinco Financial Group Limited)

A letter from the Board is set out on pages 5 to 17 of this circular and a letter from the Independent Board Committee is set out on pages 18 to 19 of this circular. A letter from Vinco Capital, the independent financial adviser containing its advice to the Independent Board Committee is set out on pages 20 to 33 of this circular.

A notice and a supplemental notice convening the 2015 annual general meeting ("AGM") of Beijing Jingcheng Machinery Electric Company Limited (the "Company") to be held at the Conference Room, 23/F, Jingcheng Machinery Electric Building, No. 59 Mansion, Dongsanhuan Road Central, Chaoyang District, Beijing, PRC, on 16 June 2016 (Thursday) at 9:30 a.m. are set out on pages 82 to 89 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete the revised form of proxy attached 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 holding of the AGM. Completion and return of the revised form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

30 May 2016

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DEFINITIONS

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
“AGM”	the annual general meeting of the Company to be convened on 16 June 2016 (Thursday) at 9:30 a.m. at the Conference Room, 23/F, Jingcheng Machinery Electric Building, No. 59 Mansion, Dongsanhuan Road Central, Chaoyang District, Beijing
“Article of Association”	the article of association of the Company as amended from time to time
“associate”	has the meaning ascribed to it under the Listing Rules
“Beiba Media”	Beijing Bashi Media Co., Ltd. (北京巴士傳媒股份有限公司), a company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange
“Beiba Media Consideration Shares”	19,300,000 A Shares held by Jingcheng Holding to be transferred for the settlement of the part of consideration for acquiring the Beiba Media Equity Interest in accordance with the terms of Beiba Media Equity Interest Exchange Agreement
“Beiba Media Equity Interest”	30.23% equity interest of Minghui Tianhai owned by Beiba Media
“Beiba Media Equity Interest Exchange Agreement”	the conditional agreement dated 26 January 2016 entered into between Beiba Media and Jingcheng Holding in relation to the transfer of Beiba Media Equity Interest
“Beijing SASAC”	State-owned Asset Supervision and Administration Commission of Beijing Municipal Government
“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

DEFINITIONS

“connected person”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Equity Interest Exchange Transactions”	the transactions contemplated under the Beiba Media Equity Interest Exchange Agreement and the Jingguofa Equity Interest Exchange Agreement
“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 Board Committee”	an independent committee of the Board, which is established by the Company, comprising all the independent non-executive Directors, to advise the Independent Shareholders as regards the non-exercise of the Right of First Refusal, the terms of Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder
“Independent Financial Adviser” or “Vinc Capital”	Grand Vinc Capital Limited, a wholly-owned subsidiary of Vinc Financial Group Limited (Stock code: 8340), being a corporation licensed for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to be appointed to advise the Independent Board Committee and Independent Shareholders in relation to the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Agreement and Jingguofa Equity Interest Agreement, and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholder(s)”	the Shareholders other than (i) Jingcheng Holding and its associates and concert parties; and (ii) the Shareholders who are involved in or interested in the non-exercise of Right of First Refusal, the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, who shall not abstain from voting at the AGM for approving non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder
“Latest Practicable Date”	27 May 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
Jingcheng HK	Jingcheng Holdings (Hong Kong) Ltd., a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Jingcheng Holding
“Jingcheng Holding”	北京京城機電股份有限公司 (Beijing Jingcheng Machinery Electric Holding Co., Ltd.), a company incorporated in the PRC and holding 100% interest in Jingcheng HK and 42.80% interest in the Company
“Jingguofa”	北京京國發股權投資基金（有限合夥） (Beijing Jingguofa Equity Investment Fund (limited partnership)*), a company incorporated in the PRC with limited liability
“Jingguofa Consideration Shares”	19,960,000 A Shares held by Jingcheng Holding to be transferred for the settlement of the part of consideration for acquiring the Jingguofa Equity Interest in accordance with the terms of Jingguofa Equity Interest Exchange Agreement
“Jingguofa Equity Interest”	31.26% equity interest of Minghui Tianhai owned by Jingguofa
“Jingguofa Equity Interest Exchange Agreement”	the conditional agreement dated 26 January 2016 entered into between Jingguofa and Jingcheng Holding in relation to the transfer of Jingguofa Equity Interest
“Joint Announcement”	The joint announcement of the Company and Beijing Jingcheng Machinery Electric Holding Co., Ltd. dated 27 January 2016 in relation to (1) non-exercise of Right of First Refusal; (2) the terms of the Beiba Media Equity Interest Exchange Agreement; and (3) Jingguofa Equity Interest Exchange Agreement

DEFINITIONS

“JV Agreement”	the capital injection agreement dated 16 May 2014 entered into amongst Minghui Tianhai, Beiba Media, Jingguofa and Tianhai Industrial relating to the establishment of Minghui Tianhai
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Minghui Tianhai”	北京明暉天海氣體儲運裝備銷售有限公司 (Beijing Minghui Tianhai Gas Storage and Transportation Equipment Trading Co., Ltd.*), a limited liability company established in the PRC and a subsidiary of Tianhai Industrial
“Right of First Refusal”	the Company’s right of first refusal to acquire the equity interests in Minghui Tianhai held by Beiba Media and/or Jingguofa under the JV Agreement
“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
“SASAC”	State-owned Asset Supervision and Administration Commission
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of the Company, including A Shares and H Shares, unless otherwise specified
“Shareholders”	the shareholders of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supervisors”	the supervisors of the Company
“Tianhai Industrial”	北京天海工業有限公司 (Beijing Tianhai Industry Co., Ltd.), a limited liability company established in the PRC and is 100% owned by the Company
“%”	percent

LETTER FROM THE BOARD



北京京城机电股份有限公司

Beijing Jingcheng Machinery Electric Company Limited

(a joint stock limited company established in the People's Republic of China)

(Stock Code: 0187)

Executive directors:

Mr. Wang Jun
Mr. Chen Changge
Mr. Li Junjie
Mr. Du Yuexi

Registered office:

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

Non-executive directors:

Mr. Xia Zhonghua
Ms. Jin Chunyu
Mr. Fu Hongquan

Independent non-executive directors:

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

30 May 2016

To the Shareholders

Dear Sir or Madam,

2015 ANNUAL REPORT
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2015 WORK REPORT OF THE SUPERVISORY COMMITTEE
2015 AUDITOR'S AUDITED FINANCIAL REPORTS
2015 AUDITOR'S AUDITED INTERNAL CONTROL REPORT
REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015
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APPOINTMENT OF THE AUDITOR FOR 2016 INTERNAL CONTROL REPORT
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(1) NON-EXERCISE OF RIGHT OF FIRST REFUSAL
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LETTER FROM THE BOARD

INTRODUCTION

At the AGM of 2015, the following ordinary resolutions will be proposed to consider and approve (1) the 2015 Annual Report of the Company; (2) the 2015 Work Report of the Board; (3) the 2015 Work Report of the Supervisory Committee of the Company; (4) the 2015 audited financial reports of the Company; (5) the 2015 audited internal control report of the Company; (6) Report of the independent non-executive Directors; (7) the appointment of the auditor for 2016 financial reports; (8) the appointment of the auditor for 2016 internal control report; (9) no profit distribution plan for the year 2015; (10) resolution in relation to the amendment of “Management Measures on the Efficiency Assessment of Senior Management” by the Company; (11) resolution in relation to non-exercise of Right of First Refusal by Tianhai Industrial to acquire the equity interests held by Beiba Media and Jinguofa in Minghui under the JV Agreement.

2015 Annual Report of the Company, 2015 Work Report of the Board, the 2015 audited financial reports, the 2015 audited internal control report and no profit distribution plan for the year 2015

For details, please refer to the 2015 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.

2015 Work Report of the Supervisory Committee

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

Report of the Independent Non-executive Directors

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

Appointment of Auditor for 2016 financial reports

The Board proposes that the Company to re-appoint ShineWing Certified Public Accountants LLP as its auditor for preparing the financial reports of the Company for the year 2016, and to authorize the Board to enter into a service contract with it and determine its remuneration.

Appointment of Auditor for 2016 Internal Control Report

The Board proposes that the Company to re-appoint BDO China Shu Lun Pan Certified Public Accounts LLP as its auditor for preparing the internal control report of the Company for the year 2016, and to authorize the Board to enter into a service contract with it and determine its remuneration.

LETTER FROM THE BOARD

Resolution in relation to the Amendment of “Management Measures on the Efficiency Assessment of Senior Management” by the Company

In order to further improve the incentive and restraint mechanism of the senior management of Beijing Jingcheng Machinery Electric Company Limited, achieve an organic integration of remuneration allocation, performance appraisal and the company results and shareholders' value, as well as enhancing the initiative on allocating staff and senior management, based on the Articles of Association, the Company made amendment on the “Management Measures on the Efficiency Assessment of Senior Management” and details of the amendment are set out in Appendix IV to the Circular.

CONNECTED TRANSACTION

(1) Non-exercise of the Right of First Refusal; (2) Beiba Media Equity Interest Exchange Agreement; and (3) Jingguofa Equity Interest Exchange Agreement.

Introduction

Reference is made to the Joint Announcement.

As disclosed in the Joint Announcement, the Company will not exercise the Right of First Refusal.

The purpose of this circular is to provide you with further information on, among other things, (1) the non-exercise of Right of First Refusal, Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement; (2) the particulars required by the Listing Rules concerning the non-exercise of Right of First Refusal, Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement; (3) the recommendation of the Independent Board Committee; (4) advice of Vinco Capital regarding the non-exercise of Right of First Refusal, the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement.

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder, as appropriate. Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder.

Background

Minghui Tianhai is a joint venture company with registered capital of RMB545,225,228, of which RMB210,000,000 is contributed by Tianhai Industrial, RMB170,412,703 is contributed by Jingguofa with the subscription amount being RMB200,000,000, which the outstanding amount was transferred to capital reserve of

LETTER FROM THE BOARD

Minghui Tianhai and RMB164,812,525 is contributed by Beiba Media with the subscription amount being RMB200,000,000, which the outstanding amount was transferred to capital reserve of Minghui Tianhai. Pursuant to the JV Agreement, the Company is entitled to the Right of First Refusal with respect to any transfer of equity interest by the other joint venture partner(s) to any other persons, pursuant to which the Company may purchase the equity interest being transferred on the same terms as offered by the proposed transferee.

As at the Latest Practicable Date, Jingcheng Holding is the controlling shareholder of the Company, holding 42.80% interests in the Company.

THE NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL

On 26 January 2016, pursuant to the JV Agreement, Beiba Media and Jingguofa each served a written notice to Tianhai Industrial, pursuant to which Beiba Media and Jingguofa intended to respectively sell Beiba Media Equity Interest for a consideration of RMB214,713,441.59 and Jingguofa Equity Interest for a consideration of RMB222,009,206.83 to Jingcheng Holding. Beiba Media and Jingguofa each sought Tianhai Industrial's decision as to whether it will exercise the Right of First Refusal to acquire Beiba Media Equity Interest and Jingguofa Equity Interest respectively on the same consideration as offered by Jingcheng Holding.

On 26 January 2016, the Board resolved not to exercise the Right of First Refusal and the Company notified Beiba Media and Jingguofa in writing that it will not exercise the Right of First Refusal.

Reasons for and benefits of the non-exercise of the Right of First Refusal

Due to a sudden halt in the utilization of the huge production capacity which was accumulated at the time of high speed economic growth, the excess production capacity led to rapid deterioration of competitive situation. Considering the circumstances of excess production capacity, fluctuation in product quality and price competition in the industrial gas cylinder market on one hand, and the increase in transportation costs, labor costs, energy costs and etc. on the other hand, all of such factors led to a decline in profits. Minghui Tianhai suffered losses in the financial years 2014 and 2015. Due to the weak economy, continuous drop in the international oil price (at historically low level) and other market factors, the Company expected that the result of Minghui Tianhai will not improve significantly in short term under such difficult and complicated market environment.

BEIBA MEDIA EQUITY INTEREST EXCHANGE AGREEMENT

On 26 January 2016, Jingcheng Holding and Beiba Media entered into the Beiba Media Equity Interest Exchange Agreement, pursuant to which Beiba Media agreed to sell the Beiba Media Equity Interest in exchange for Beiba Media Consideration Shares held by Jingcheng Holding.

Date

26 January 2016

LETTER FROM THE BOARD

Parties

Vendor: Beiba Media

Purchaser: Jingcheng Holding

Assets to be disposed of

Pursuant to the Beiba Media Equity Interest Exchange Agreement, Beiba Media agreed to sell and Jingcheng Holding agreed to purchase the Beiba Media Equity Interest.

The consideration

The consideration of Beiba Media Equity Interest in the sum of RMB214,713,441.59 will be satisfied (i) as to RMB214,654,600.00 by Jingcheng Holding transferring Beiba Media Consideration Shares to Beiba Media; and (ii) as to RMB97,441.59 by cash to Beiba Media. The Beiba Media Consideration Shares represent 4.57% of the issued share capital of the Company.

Basis of consideration

The consideration for the Beiba Media Equity Interest was arrived at after arm's length negotiations between Jingcheng Holding and Beiba Media and was determined with reference to the valuation results of Minghui Tianhai of RMB645,731,900 as at 30 June 2015 according to the valuation report issued by an independent valuer in the PRC, Beijing China Alliance Appraisal Co., Ltd. (北京中同華資產評估有限公司) using the asset approach, such valuation result was filed with and approved by with Beijing SASAC.

It is agreed that the transfer price of the Beiba Media Consideration Shares shall be the average trading price of the A Shares of the Company as quoted on the Shanghai Stock Exchange over the 30 trading days preceding the date of Beiba Media Equity Interest Exchange Agreement, i.e. RMB11.12 per A Share. The number of Beiba Media Consideration Shares of 19,300,000 A Shares is calculated by the consideration for Beiba Media Equity Interest (i.e. RMB214,654,600.00 ÷ RMB11.12 per A Share, which represents 4.57% of the issued share capital of the Company. The remaining part of the consideration, being RMB97,441.59, Jingcheng Holding shall pay Beiba Media in cash.

Taking Effect of the Beiba Media Equity Interest Exchange Agreement

The Beiba Media Equity Interest Exchange Agreement shall take effect subject to the fulfillment of the following conditions (the effective date being the date of fulfillment of the last of these conditions):

- a. the approval of the transactions contemplated under the Beiba Media Equity Interest Exchange Agreement by the board of directors and shareholders of the Company;

LETTER FROM THE BOARD

- b. the approval of the non-exercise of the Right of First Refusal and the transactions contemplated under the Beiba Media Equity Interest Exchange Agreement by the shareholders of Minghui Tianhai;
- c. the approval by SASAC of the transactions contemplated under the Beiba Media Equity Interest Exchange Agreement; and
- d. the approval by other governmental and regulatory authorities (if required).

Neither Jingcheng Holding nor Beiba Media has the right to waive any of the above conditions. As at the Latest Practicable Date, among the above conditions precedent, only the condition (b) above is fulfilled, and other conditions have not yet been fulfilled.

Completion

Completion shall take place within 45 working days after the above conditions of the Beiba Media Equity Interest Exchange Agreement have been fulfilled.

Upon the completion of the Beiba Media Equity Interest Exchange Agreement, Beiba Media will cease to hold any interest in Minghui Tianhai and will hold 4.57% of the issue share capital of the Company.

JINGGUOFA EQUITY INTEREST EXCHANGE AGREEMENT

On 26 January 2016, Jingcheng Holding and Jingguofa entered into the Jingguofa Equity Interest Exchange Agreement, pursuant to which Jingguofa agreed to sell the Jingguofa Equity Interest in exchange of the Jingguofa Consideration Shares held by Jingcheng Holding.

Date

26 January 2016

Parties

Vendor: Jingguofa

Purchaser: Jingcheng Holding

Assets to be disposed of

Pursuant to the Jingguofa Equity Interest Exchange Agreement, Jingguofa agreed to sell and Jingcheng Holding agreed to purchase the Jingguofa Equity Interest.

LETTER FROM THE BOARD

The consideration

The consideration of Jingguofa Equity Interest in the sum of RMB222,009,206.83 will be satisfied (i) as to RMB221,995,120.00 by Jingcheng Holding transferring Jingguofa Consideration Shares to Jingguofa, (ii) as to RMB54,006.83 by cash to Jingguofa. Jingguofa Consideration Shares represent 4.73% of the issued share capital of the Company.

Basis of consideration

The consideration for the Jingguofa Equity Interest was arrived at after arm's length negotiations between Jingcheng Holding and Jingguofa and was determined with reference to the valuation results of Minghui Tianhai of RMB645,731,900 as at 30 June 2015 according to the valuation report issued by an independent valuer in the PRC, Beijing China Alliance Appraisal Co., Ltd. (北京中同華資產評估有限公司) using the asset approach, such valuation result was filed with and approved by with Beijing SASAC.

It is agreed that the transfer price of the Jingguofa Consideration Shares shall be the average trading price of the A Shares of the Company as quoted on the Shanghai Stock Exchange over the 30 trading days preceding the date of Jingguofa Equity Interest Exchange Agreement, i.e. RMB11.12 per A Share. The number of Jingguofa Consideration Shares of 19,960,000 A Shares is calculated by the consideration for Jingguofa Equity Interest (i.e. RMB221,995,120.00 ÷ RMB11.12 per A Share, which represent 4.73 % of the issued share capital of the Company. The remaining part of the consideration, being RMB54,006.83, Jingcheng Holding shall pay Jingguofa in cash.

Taking Effect of the Jingguofa Equity Interest Exchange Agreement

The Jingguofa Equity Interest Exchange Agreement shall take effect subject to the fulfillment of the following conditions (the effective date being the date of fulfillment of the last of these conditions):

- a. the approval of the transactions contemplated under the Jingguofa Equity Interest Exchange Agreement by the board of directors and shareholders of the Company;
- b. the approval of the non-exercise of the Right of First Refusal and the transactions contemplated under the Jingguofa Equity Interest Exchange Agreement by the shareholders of Minghui Tianhai;
- c. the approval by SASAC of the transactions contemplated under the Jingguofa Equity Interest Exchange Agreement; and
- d. the approval by other governmental and regulatory authorities (if required).

Neither Jingcheng Holding nor Jingguofa has the right to waive any of the above conditions. As at the Latest Practicable Date, among the above conditions precedent, only the condition (b) above is fulfilled, and other conditions have not yet been fulfilled.

LETTER FROM THE BOARD

Completion

Completion shall take place within 45 working days after the above conditions of the Beiba Media Equity Interest Exchange Agreement have been fulfilled.

Upon the completion of the Jingguofa Equity Interest Exchange Agreement, Jingguofa will cease to hold any interest in Minghui Tianhai and will hold 4.73% of the issue share capital of the Company.

After the completion of the Equity Interest Exchange Transactions, Jingcheng Holding will hold 61.49% equity interests in Minghui Tianhai and the its shareholding in the Company will be reduced to 33.50%, assuming there is no other acquisition or disposal of A Shares by Jingcheng Holding prior to the completion.

As at the Latest Practicable Date, Minghui Tianhai is a subsidiary of the Group held by Tianhai Industrial as to 38.51% and the financial results of Minghui Tianhai are consolidated into the Group's financial results. After the completion of the Equity Interest Exchange Transactions, since the board of directors of Minghui Tianhai will continue to be controlled by Tianhai Industrial, the auditors of the Company, ShineWing Certified Public Accountants LLP confirmed that Minghui Tianhai will remain as a subsidiary of the Group held by Tianhai Industrial as to 38.51% and the financial results of Minghui Tianhai will still be consolidated into the Group's financial results.

It is the intention of the Group that Tianhai Industrial will maintain control of Minghui Tianhai and its board of directors after the completion of the Equity Interest Exchange Transactions. To the best of the Directors' knowledge, information and belief, it is also the intention of Jingcheng Holding not to control Minghui Tianhai and its board of directors, and it will not exercise its rights to control Minghui Tianhai after the completion of the Equity Interest Exchange Transactions. In the event that the Group enters into any agreement which results in the loss of control in Minghui Tianhai by the Group, the Company will comply with the applicable requirements under Chapter 14 and 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Board's decision not to exercise the Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and the Jingguofa Equity Interest Exchange Agreement are made on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors had material interest in respect of the non-exercise of Right of First Refusal. However, in view of good corporate governance practices, Mr. Wang Jun, Mr. Xia Zhonghua, Ms. Jin Chunyu and Mr. Fu Hongquan, being directors nominated by Jingcheng Holding, had both abstained from voting in the relevant Board resolution approving the non-exercise of Right of First Refusal.

LETTER FROM THE BOARD

Effects on the shareholding structure of the Company

Set out below is the information on the Company's shareholding structure (i) as at the Latest Practicable Date; and (ii) immediately after the completion of the Equity Interest Exchange Transactions, strictly for reference only:

Name of shareholders	As at the Latest Practicable Date			Immediately after the completion of the Equity Interest Exchange Transactions		
	Number of Shares held	Approximate percentage of the total issued A Share capital of the Company	Approximate percentage of the total issued share capital of the Company	Number of Shares held	Approximate percentage of the total issued A Share capital of the Company	Approximate percentage of the total issued share capital of the Company
Jingcheng Holding	180,620,000	56.09%	42.80%	141,360,000	43.90%	33.50%
Other public holders of A Shares	141,380,000	43.91%	33.50%	180,640,000	56.10%	42.81%
Other public holders of H Shares	100,000,000	–	23.70%	100,000,000	–	23.70%
Total	422,000,000	100.00%	100.00%	422,000,000	100.00%	100.00%

IMPLICATIONS UNDER THE LISTING RULES

Jingcheng Holding is a controlling shareholder of the Company and thus a connected person of the Company. Minghui Tianhai is held as to 30.23% by Beiba Media and 31.26% by Jingguofa. Each of Beiba Media and Jingguofa is a connected person of the Company only because of their respective equity interest in Minghui Tianhai, each of Beiba Media and Jingguofa is a connected person at the subsidiary level of the Company under Rule 14A.06(9) of the Listing Rules. Accordingly, the non-exercise of Right of First Refusal together with the Equity Interest Exchange Transactions constitute a connected transaction under Chapter 14A of the Listing Rules.

At the Latest Practicable Date, Minghui Tianhai is held as to 38.51% by Tianhai Industrial and is a subsidiary of the Group. After the completion of the Equity Interest Exchange Transactions, there will be no change in the shareholding of Minghui Tianhai to be held by Tianhai Industrial and Minghui Tianhai will remain as a subsidiary of the Group. Therefore, the Equity Interest Exchange Transactions does not constitute “transaction” under Chapter 14 of the Listing Rules.

As the relevant percentage ratios in respect of the non-exercise of Right of First Refusal together with the Equity Interest Exchange Transactions in aggregate are more than 5% and the total consideration is higher than HK\$3,000,000, the non-exercise of Right of First Refusal and the Equity Interest Exchange Transactions are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A

LETTER FROM THE BOARD

of the Listing Rules. As such, Jingcheng Holding and its associates will abstain from voting against relevant resolutions at the AGM for approving the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder.

Pursuant to the Listing Rules, Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the non-exercise of the Right of First Refusal, the terms of Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder, as appropriate. Vinco Capital has been appointed to advise the Independent Board Committee and Independent Shareholders in relation to the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Agreement and Jingguofa Equity Interest Agreement, and the transactions contemplated thereunder.

Details of the non-exercise of the Right of First Refusal will be disclosed in the Company's published annual report and accounts for the financial year ending 31 December 2016 as required under Rule 14A.45 of the Listing Rules.

GENERAL

Information on the Company

The Company is principally engaged in research and development, manufacture and sale of compressed gas cylinders, gas compressors and related equipment.

Information on Jingcheng Holding

Jingcheng Holding is an enterprise in the equipment manufacturing industry. Its main business segments include digitally-controlled machine tool segment, gas storage and transportation segment, printing machinery segment, environmental protection business segment, engineering machinery segment, power generation and transfer segment, logistics business segment and hydraulic equipment production segment.

Information on Tianhai Industrial

Authorised scope of operation of Tianhai Industrial: production of gas cylinders, accumulator shells, pressure vessels and auxiliary equipments, add-on 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.

LETTER FROM THE BOARD

General scope of operation: 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; professional contractor.

Information on Minghui Tianhai

Minghui Tianhai was established in the PRC on 27 November 2012. Its scope of business includes production of cryogenic equipment, automotive liquefied gas bottle and mini tank; sales of cryogenic equipment, automotive liquefied gas bottle, mini tank, natural gas equipment, oil equipment, pressure vessels, machinery equipment and accessories, instruments, electronic products, hardware; installation of cryogenic equipment, automotive liquefied natural gas bottles, mini tanks, natural gas equipment, oil equipment, pressure vessels; consultation service of auto-technical equipment, technology development, technology promotion; rental of commercial space, rental of office space (space which is not used for tangible market operation); import and export goods, technology import and export, import and export agents.

Based on the audited financial statements of Minghui Tianhai, which were prepared in accordance with accounting principles generally accepted in the PRC, the net asset value and the profit before and after taxation for the periods ended 31 December 2014 and 31 December 2015 are set out in the following table:

	For the period ended 31 December 2014 RMB (audited)	For the period ended 31 December 2015 RMB (audited)
Net asset value	600,414,400	498,804,873
Profit before taxation	-7,217,100	-101,609,491
Profit after taxation	-7,217,100	-101,609,491

Information on Beiba Media

Beiba Media is principally engaged in passenger vehicles rental transportation; inter-provincial transportation; railway transportation; repair and maintenance of automobiles; modifications of automobiles facilities; agency for automobiles insurance; catering services; design, manufacture and issuance of advertisements from local or foreign enterprises; rental of automobiles; development and sale of clean fuel consumed by automobiles; technological development, technological transfer, technological consultancy and provisions technological services of the public transport IC card/ITS smart card intelligent transportation systems; sale of post-development products, machinery and electric equipment, computers and computer peripheral equipment, automobiles (except passenger vehicles less than nine seats); personnel training; investment and investment management.

LETTER FROM THE BOARD

Information on Jingguofa

Jingguofa is principally engaged in the investment in non-securities business, investment management and consultancy.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee dated 30 May 2016 set out on pages 18 to 19 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder; and (ii) the letter from Vinco Capital dated 30 May 2016 as set out on pages 20 to 33 of this circular which contains the recommendation from Vinco Capital to the Independent Board Committee and the Independent Shareholders in relation to the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder and the principal factors and reasons considered by Vinco Capital in arriving at its recommendation.

The Directors (including members of the Independent Board Committee after taking into account the factors and reasons considered by, and the opinion of Vinco Capital as stated in its letter), consider that the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

THE AGM

A notice and a supplemental notice convening the AGM to be held on 16 June 2016 (Thursday) at 9:30 a.m. are set out on pages 82 to 89 of this circular which have been despatched on 29 April 2016 and 25 May 2016. Whether or not you are able to attend the AGM, you are requested to complete and return the revised form of proxy which has been despatched on 25 May 2016 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. The form of proxy should be returned to the business address of the Company at No. 2 Nam San Street, Huo County, Tongzhou District, Beijing not less than 24 hours before the time appointed for the commencement of the AGM or any adjournment thereof. Completion and return of the said form of proxy will not prevent you from attending and voting in person at the AGM or at any adjournment thereof if you so wish.

LETTER FROM THE BOARD

Reply slip for the AGM has also been despatched on 29 April 2016. You have been reminded to complete and sign the reply slip and return the signed slip to the Company at its business address at No. 2 Nam San Street, Huo County, Tongzhou District, Beijing on or before 26 May 2016 in accordance with the instructions printed thereon.

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 requirements of Rule 13.39(5) of the Listing Rules.

ADDITIONAL INFORMATION

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

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



北京京城機電股份有限公司

Beijing Jingcheng Machinery Electric Company Limited

(a joint stock limited company established in the People's Republic of China)

(Stock Code: 0187)

30 May 2016

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company to the Shareholders dated 30 May 2016 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter will have the same meanings as given to them in the section headed “Definitions” of the Circular.

We have been established by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Agreement and Jingguofa Equity Interest Agreement, and the transactions contemplated thereunder are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Vinco Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from Vinco Capital as set out on pages 20 to 33 of the Circular and the letter from the Board as set out on pages 5 to 17 of the Circular.

Having considered the non-exercise of the Right of First Refusal, the terms of Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder and taken into account the advice of Vinco Capital as stated in its letter, we consider that the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour for the resolutions to be proposed at the AGM to approve the non-exercise of the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Right of First Refusal, the terms of Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder.

Yours faithfully,

The Independent Board Committee

WU YAN

Independent non-executive Director

LIU NING

Independent non-executive Director

YANG XIAOHUI

Independent non-executive Director

FAN YONG

Independent non-executive Director

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in relation to the non-exercise of Right of First Refusal, the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder which has been prepared for the purpose of incorporation in this circular:



Grand Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

30 May 2016

*To the Independent Board Committee and the Independent Shareholders of
Beijing Jingcheng Machinery Electric Company Limited*

Dear Sirs and Madams,

CONNECTED TRANSACTION

(1) NON-EXERCISE OF RIGHT OF FIRST REFUSAL (2) BEIBA MEDIA EQUITY INTEREST EXCHANGE AGREEMENT AND (3) JINGGUOFA EQUITY INTEREST EXCHANGE AGREEMENT

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder, details of which are set out in the circular of the Company (the "Circular") dated 30 May 2016 to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular, unless the context requires otherwise.

Reference is made to the announcement of the Company dated 27 January 2016, pursuant to the JV Agreement, Beiba Media and Jingguofa each served a written notice to Tianhai Industrial on 26 January 2016, pursuant to which Beiba Media and Jingguofa intended to respectively sell Beiba Media Equity Interest for a consideration of RMB214,713,441.59 and Jingguofa Equity Interest for a consideration of RMB222,009,206.83 to Jingcheng Holding. Beiba Media and Jingguofa each sought the Tianhai Industrial's decision as to whether it will exercise the Right of First Refusal to acquire Beiba Media Equity Interest and Jingguofa Equity Interest respectively on the same consideration as offered by Jingcheng Holding.

LETTER FROM VINCO CAPITAL

Minghui Tianhai is a joint venture company with registered capital of RMB545,225,228, of which RMB210,000,000 is contributed by Tianhai Industrial, RMB170,412,703 is contributed by Jingguofa with the subscription amount being RMB200,000,000, which the outstanding amount was transferred to capital reserve of Minghui Tianhai and RMB164,812,525 is contributed by Beiba Media with the subscription amount being RMB200,000,000, which the outstanding amount was transferred to capital reserve of Minghui Tianhai. Pursuant to the JV Agreement, the Company is entitled to the Right of First Refusal with respect to any transfer of equity interest by the other joint venture partner(s) to any other persons, pursuant to which the Company may purchase the equity interest being transferred on the same terms as offered by the proposed transferee.

Jingcheng Holding is a controlling shareholder of the Company, holding 42.80% interests in the Company, and thus a connected person of the Company. Minghui Tianhai is held as to 30.23% by Beiba Media and 31.26% by Jingguofa. Each of Beiba Media and Jingguofa is a connected person of the Company only because of their respective equity interest in Minghui Tianhai, each of Beiba Media and Jingguofa is a connected person at the subsidiary level of the Company under Rule 14A.06(9) of the Listing Rules. Accordingly, the non-exercise of Right of First Refusal together with the Equity Interest Exchange Transactions constitute a connected transaction under Chapter 14A of the Listing Rules.

As the relevant percentage ratios in respect of the non-exercise of Right of First Refusal together with the Equity Interest Exchange Transactions in aggregate are more than 5% and the total consideration is higher than HK\$3,000,000, the non-exercise of Right of First Refusal and the Equity Interest Exchange Transactions are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, Jingcheng Holding and its associates will abstain from voting on the relevant resolution(s) at the AGM to be convened for the purpose of, inter alia, approving the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong, has been established by the Board to consider and advise the Independent Shareholders in respect of the fairness and reasonableness of the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder. We have been appointed and have been approved by the Independent Board Committee, as an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give an independent opinion as to whether the non-exercise of Right of First Refusal, the terms of Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and whether the Independent Board Committee should recommend the Independent Shareholders to vote in favour of the

LETTER FROM VINCO CAPITAL

resolution to be proposed at the AGM to approve the non-exercise of Right of First Refusal, the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder.

As at the Latest Practicable Date, we are not connected with the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the non-exercise of Right of First Refusal, the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We have not acted as the independent financial adviser for the Company's other transactions in the past two years. We are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are considered eligible to give independent advice on the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied upon the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete up to and including the date of the AGM and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of such information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

LETTER FROM VINCO CAPITAL

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of such information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the non-exercise of Right of First Refusal, the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the non-exercise of Right of First Refusal, the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and Independent Shareholders in relation to the non-exercise of Right of First Refusal, the Beiba Media Equity Interest Exchange Agreement and the Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder, we have considered the principal factors and reasons set out below:

I. Background to the non-exercise of Right of First Refusal

Information on the Company

The Company is principally engaged in research and development, manufacture and sale of compressed gas cylinders, gas compressors and related equipment.

Information on Jingcheng Holding

Jingcheng Holding is an enterprise in the equipment manufacturing industry. Its main business segments include digitally-controlled machine tool segment, gas storage and transportation segment, printing machinery segment, environmental protection business segment, engineering machinery segment, power generation and transfer segment, logistics business segment and hydraulic equipment production segment.

LETTER FROM VINCO CAPITAL

Information on Tianhai Industrial

Authorised scope of operation of Tianhai Industrial: production of gas cylinders, accumulator shells, pressure vessels and auxiliary equipments, add-on 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, aluminum 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.

General scope of operation: 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; professional contractor.

Information on Minghui Tianhai

Minghui Tianhai was established in the PRC on 27 November 2012. Its scope of business includes production of cryogenic equipment, automotive liquefied gas bottle and mini tank; sales of cryogenic equipment, automotive liquefied gas bottle, mini tank, natural gas equipment, oil equipment, pressure vessels, machinery equipment and accessories, instruments, electronic products, hardware; installation of cryogenic equipment, automotive liquefied natural gas bottles, mini tanks, natural gas equipment, oil equipment, pressure vessels; consultation service of auto-technical equipment, technology development, technology promotion; rental of commercial space, rental of office space (space which is not used for tangible market operation); import and export goods, technology import and export, import and export agents.

LETTER FROM VINCO CAPITAL

Based on the audited financial statements of Minghui Tianhai, which were prepared in accordance with accounting principles generally accepted in the PRC, the net asset value and the profit before and after taxation for the periods ended 31 December 2014 and 31 December 2015 are set out in the following table:

	For the period ended 31 December 2014 RMB (audited)	For the period ended 31 December 2015 RMB (audited)
Net asset value	600,414,400	498,804,873
Profit before taxation	(7,217,100)	(101,609,491)
Profit after taxation	(7,217,100)	(101,609,491)

Information on Beiba Media

Beiba Media is principally engaged in passenger vehicles rental transportation; inter-provincial transportation; railway transportation; repair and maintenance of automobiles; modifications of automobiles facilities; agency for automobiles insurance; catering services; design, manufacture and issuance of advertisements from local or foreign enterprises; rental of automobiles; development and sale of clean fuel consumed by automobiles; technological development, technological transfer, technological consultancy and provisions technological services of the public transport IC card/ITS smart card intelligent transportation systems; sale of post-development products, machinery and electric equipment, computers and computer peripheral equipment, automobiles (except passenger vehicles less than nine seats); personnel training; investment and investment management.

Information on Jingguofa

Jingguofa is principally engaged in the investment in non-securities business, investment management and consultancy.

LETTER FROM VINCO CAPITAL

II. Reasons for the non-exercise of Right of First Refusal

As stated in the Letter from the Board, due to a sudden halt in the utilization of the huge production capacity which was accumulated at the time of high speed economic growth, the excess production capacity led to rapid deterioration of competitive situation. Considering the circumstances of excess production capacity, fluctuation in product quality and price competition in the industrial gas cylinder market on one hand, and the increase in transportation costs, labor costs, energy costs and etc. on the other hand, all of such factors led to a decline in profits. Minghui Tianhai suffered losses in the financial years ended 31 December 2014 and 2015. Due to the downward economic growth trend in the PRC, continuous drop in the international oil price (at historically low level) and other market factors, the Company expected that the financial result of Minghui Tianhai will not improve significantly in short term under such difficult and complicated market environment.

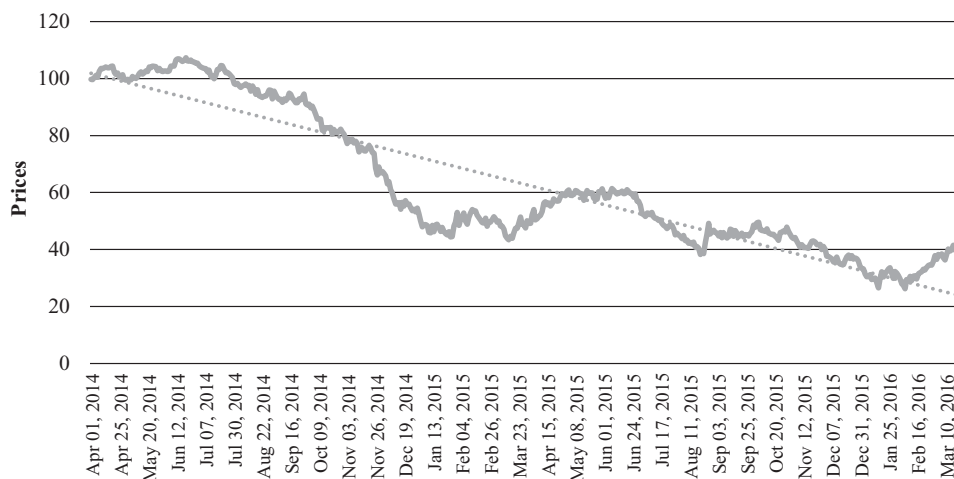
For our due diligence purpose, we have reviewed the audited financial report of Minghui Tianhai for the year ended 31 December 2014 and 31 December 2015, which were prepared in accordance with accounting principles generally accepted in the PRC, and the latest management account of Minghui Tianhai for three months ended 31 March 2016. We noted that the operation costs of Minghui Tianhai for the year ended 31 December 2014 and 31 December 2015 were approximately RMB56.0 million and RMB111.1 million respectively, increased by approximately 98%, and the management expenses of Minghui Tianhai for the year ended 31 December 2014 and 31 December 2015 were approximately RMB6.3 million and RMB30.8 million respectively, increased by approximately 388%. As a result, we noted that the net losses after taxation of Minghui Tianhai for the year ended 31 December 2014 and 31 December 2015 were approximately RMB7.2 million and RMB101.6 million respectively, increased by approximately 1,311%. As discussed with the management of the Company, the total manufacturing and operation costs of Minghui Tianhai outgrew the total sales during the past two years due to increase in transportation expenses, labor costs and energy and power related expenses, leading to the decline in profits.

As discussed with the management of the Company, the growth of the demand for industrial gas slowed down due to weak macro-economic environment in the PRC. The supply of industrial gas outgrew the demand, aggravating the demand-supply imbalance and leading to the further decrease in the demand for cryogenic equipment, automotive liquefied gas bottle and mini tank. Moreover, due to the continuous drop in the international oil and gas price (at historically low level) and fluctuation in product quality and price competition in the industrial gas cylinder market, the demand for industrial gas cylinder has been going downturn.

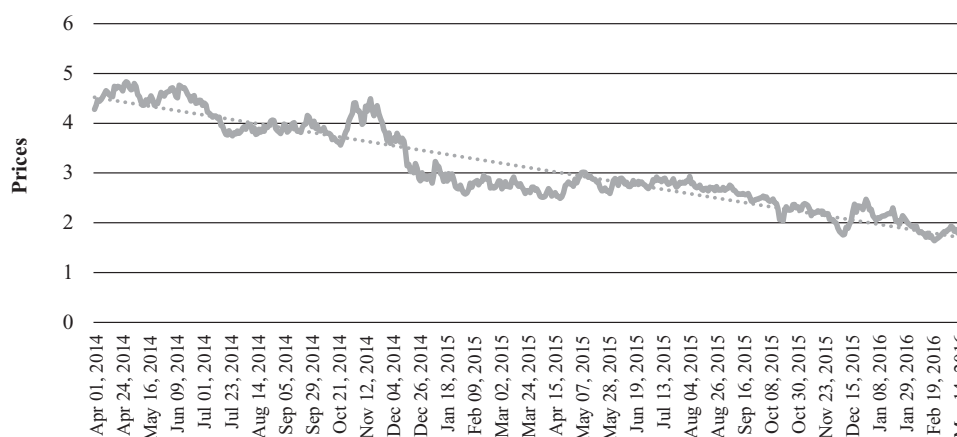
LETTER FROM VINCO CAPITAL

We have reviewed the crude oil prices and natural gas prices during the two years period (shown as below), from 1 April 2014 to 31 March 2016, (the “**Review Period**”).

Crude oil prices during Review Period



Natural gas prices during Review Period



As shown in the charts above, the price of crude oil decreased from USD99.74 per barrel to USD38.34 per barrel during the Review Period and the highest price of crude oil was USD107.73 per barrel and the lowest price of crude oil was USD26.05 per barrel during Review Period. The price of natural gas decreased from USD4.28 per million british thermal unit to USD1.95 per million british thermal unit during the Review Period and the highest price of natural gas was USD4.89 per million british thermal unit and the lowest price of natural gas was USD1.61 per million british thermal unit during the Review Period.

As discussed with the management of the Company, we noted that there had been material changes in market competition and environment in which Minghui Tianhai is operating. Industrial environment shows an overall downward trend. In addition, there had been severe oversupply in the industry gas and oil and demand for cryogenic

LETTER FROM VINCO CAPITAL

equipment, automotive liquefied gas bottle and mini tank continued to be weak. With the continuous decrease in oil price and the shrinkage of domestic and overseas natural gas markets and related industries, natural gas products were still in a cold winter. With the imbalanced supply and demand, the gas storage and transportation industry had been trapped in hardship. As a result, we are of the same view with the management of the Company that the financial result of Minghui Tianhai will not improve significantly in short term under such difficult and complicated market environment.

Having considered above reasons and taking into account, in particular, (i) the net losses after taxation of Minghui Tianhai for the year ended 31 December 2014 and 31 December 2015 were approximately RMB7.2 million and RMB101.6 million respectively; (ii) the total costs of Minghui Tianhai outgrew the total sales during past two years; (iii) the continuous drop in the international crude oil and natural gas price (at historically low level); and (iv) the financial results of Minghui Tianhai will not improve significantly in short term under such difficult and complicated market environment, we are of the view that the non-exercise of Right of First Refusal is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

III. Principal terms of the Beiba Media Equity Interest Exchange Agreement

On 26 January 2016, Jingcheng Holding and Beiba Media entered into the Beiba Media Equity Interest Exchange Agreement, pursuant to which Beiba Media agreed to sell the Beiba Media Equity Interest in exchange for Beiba Media Consideration Shares held by Jingcheng Holding.

Date

26 January 2016

Parties

Vendor: Beiba Media

Purchaser: Jingcheng Holding

Assets to be disposed of

Pursuant to the Beiba Media Equity Interest Exchange Agreement, Beiba Media agreed to sell and Jingcheng Holding agreed to purchase the Beiba Media Equity Interest.

LETTER FROM VINCO CAPITAL

The consideration

The consideration of Beiba Media Equity Interest in the sum of RMB214,713,441.59 will be satisfied (i) as to RMB214,654,600.00 by Jingcheng Holding transferring Beiba Media Consideration Shares to Beiba Media; and (ii) as to RMB97,441.59 by cash to Beiba Media. The Beiba Media Consideration Shares represent 4.57% of the issued share capital of the Company.

Basis of consideration

The consideration for the Beiba Media Equity Interest was arrived at after arm's length negotiations between Jingcheng Holding and Beiba Media and was determined with reference to the valuation of Minghui Tianhai of RMB645,731,900 as at 30 June 2015 according to the valuation report issued by an independent valuer in the PRC, Beijing China Alliance Appraisal Co., Ltd. (北京中同華資產評估有限公司) using the asset approach, such valuation result was filed with and approved by with Beijing SASAC.

It is agreed that the transfer price of the Beiba Media Consideration Shares shall be the average trading price of the A Shares of the Company as quoted on the Shanghai Stock Exchange over the 30 trading days preceding the date of Beiba Media Equity Interest Exchange Agreement, i.e. RMB11.12 per A Share. The number of Beiba Media Consideration Shares of 19,300,000 A Shares is calculated by the consideration for Beiba Media Equity Interest (i.e. $\text{RMB214,654,600.00} \div \text{RMB11.12 per A Share}$), which represents 4.57% of the issued share capital of the Company. The remaining part of the consideration, being RMB97,441.59, Jingcheng Holding shall pay Beiba Media in cash.

Taking effect of the Beiba Media Equity Interest Exchange Agreement

The Beiba Media Equity Interest Exchange Agreement shall take effect subject to the fulfillment of the following conditions (the effective date being the date of fulfillment of the last of these conditions):

- a. the approval of the transactions contemplated under the Beiba Media Equity Interest Exchange Agreement by the board of directors and shareholders of the Company;
- b. the approval of the non-exercise of the Right of First Refusal and the transactions contemplated under the Beiba Media Equity Interest Exchange Agreement by the shareholders of Minghui Tianhai;
- c. the approval by SASAC of the transactions contemplated under the Beiba Media Equity Interest Exchange Agreement; and
- d. the approval by other governmental and regulatory authorities (if required).

LETTER FROM VINCO CAPITAL

Neither Jingcheng Holding nor Beiba Media has the right to waive any of the above conditions. As at the Latest Practicable Date, among the above conditions precedent, only the condition (b) above is fulfilled, and other conditions have not yet been fulfilled.

Completion

Completion shall take place within 45 working days after the above conditions of the Beiba Media Equity Interest Exchange Agreement have been fulfilled.

Upon the completion of the Beiba Media Equity Interest Exchange Agreement, Beiba Media will cease to hold any interest in Minghui Tianhai and will hold 4.57% of the issue share capital of the Company.

IV. Principal terms of the Jingguofa Equity Interest Exchange Agreement

On 26 January 2016, Jingcheng Holding and Jingguofa entered into the Jingguofa Equity Interest Exchange Agreement, pursuant to which Jingguofa agreed to sell the Jingguofa Equity Interest in exchange of the Jingguofa Consideration Shares held by Jingcheng Holding.

Date

26 January 2016

Parties

Vendor: Jingguofa

Purchaser: Jingcheng Holding

Assets to be disposed of

Pursuant to the Jingguofa Equity Interest Exchange Agreement, Jingguofa agreed to sell and Jingcheng Holding agreed to purchase the Jingguofa Equity Interest

The consideration

The consideration of Jingguofa Equity Interest in the sum of RMB222,009,206.83 will be satisfied (i) as to RMB221,995,120.00 by Jingcheng Holding transferring Jingguofa Consideration Shares to Jingguofa, (ii) as to RMB54,006.83 by cash to Jingguofa. Jingguofa Consideration Shares represent 4.73% of the issued share capital of the Company.

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Basis of consideration

The consideration for the Jingguofa Equity Interest was arrived at after arm's length negotiations between Jingcheng Holding and Jingguofa and was determined with reference to the valuation results of Minghui Tianhai of RMB645,731,900 as at 30 June 2015 according to the valuation report issued by an independent valuer in the PRC, Beijing China Alliance Appraisal Co., Ltd. (北京中同華資產評估有限公司) using the asset approach, such valuation result was filed with and approved by with Beijing SASAC.

It is agreed that the transfer price of the Jingguofa Consideration Shares shall be the average trading price of the A Shares of the Company as quoted on the Shanghai Stock Exchange over the 30 trading days preceding the date of Jingguofa Equity Interest Exchange Agreement, i.e. RMB11.12 per A Share. The number of Jingguofa Consideration Shares of 19,960,000 A Shares is calculated by the consideration for Jingguofa Equity Interest (i.e. RMB221,995,120.00 ÷ RMB11.12 per A Share), which represent 4.73 % of the issued share capital of the Company. The remaining part of the consideration, being RMB54,006.83, Jingcheng Holding shall pay Jingguofa in cash.

Taking effect of the Jingguofa Equity Interest Exchange Agreement

The Jingguofa Equity Interest Exchange Agreement shall take effect subject to the fulfillment of the following conditions (the effective date being the date of fulfillment of the last of these conditions):

- a. the approval of the transactions contemplated under the Jingguofa Equity Interest Exchange Agreement by the board of directors and shareholders of the Company;
- b. the approval of the non-exercise of the Right of First Refusal and the transactions contemplated under the Jingguofa Equity Interest Exchange Agreement by the shareholders of Minghui Tianhai;
- c. the approval by SASAC of the transactions contemplated under the Jingguofa Equity Interest Exchange Agreement; and
- d. the approval by other governmental and regulatory authorities (if required).

Neither Jingcheng Holding nor Jingguofa has the right to waive any of the above conditions. As at the Latest Practicable Date, among the above conditions precedent, only the condition (b) above is fulfilled, and other conditions have not yet been fulfilled.

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Completion

Completion shall take place within 45 working days after the above conditions of the Beiba Media Equity Interest Exchange Agreement have been fulfilled.

Upon the completion of the Jingguofa Equity Interest Exchange Agreement, Jingguofa will cease to hold any interest in Minghui Tianhai and will hold 4.73% of the issue share capital of the Company. After the completion of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, Jingcheng Holding will hold 61.49% equity interests in Minghui Tianhai and the its shareholding in the Company will be reduced to 33.50%, assuming there is no other acquisition or disposal of A Shares by Jingcheng Holding prior to the completion.

As at the Latest Practicable Date, Minghui Tianhai is a subsidiary of the Group held by Tianhai Industrial as to 38.51% and the financial results of Minghui Tianhai are consolidated into the Group's financial results. After the completion of the Equity Interest Exchange Transactions, since the board of directors of Minghui Tianhai will continue to be controlled by Tianhai Industrial, the auditors of the Company, ShineWing Certified Public Accountants LLP confirmed that Minghui Tianhai will remain as a subsidiary of the Group held by Tianhai Industrial as to 38.51% and the financial results of Minghui Tianhai will still be consolidated into the Group's financial results.

It is the intention of the Group that Tianhai Industrial will maintain control of Minghui Tianhai and its board of directors after the completion of the Equity Interest Exchange Transactions. To the best of the Directors' knowledge, information and belief, it is also the intention of Jingcheng Holding not to control Minghui Tianhai and its board of directors, and it will not exercise its rights to control Minghui Tianhai after the completion of the Equity Interest Exchange Transactions. In the event that the Group enters into any agreement which results in the loss of control in Minghui Tianhai by the Group, the Company will comply with the applicable requirements under Chapter 14 and 14A of the Listing Rules.

For our due diligence purpose, we have reviewed the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement. We noted that, after the completion of the Beiba Media Equity Interest Exchange Agreement and the Jingguofa Equity Interest Exchange Agreement, Jingcheng Holding will hold 61.49% equity interests in Minghui Tianhai and its shareholding in the Company will be reduced to 33.50%, assuming there is no other acquisition or disposal of A Shares by Jingcheng Holding prior to the completion of the share acquisitions. In addition, we have reviewed the valuation report issued by an independent third party valuer, Beijing China Alliance Appraisal Co., Ltd. (北京中華資產評估有限公司), dated 10 October 2015 and the terms of engagement letter between Jingcheng Holding and the independent third party valuer. The valuation

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of Minghui Tianhai was RMB645,731,900 as at 30 June 2015 using the asset approach and such valuation result was filed with and approved by Beijing SASAC.

Besides, in order to assess the fairness and reasonableness of the transfer price of the Jingguofa Consideration Shares and Beiba Media Consideration Shares, we have conducted our own desktop research. As Minghui Tianhai has state-owned ownership, according to rule 24 of 《國有股東轉讓所持上市公司股份管理暫行辦法》 issued by China Securities Regulatory Commission on 30 June 2007, the transfer price of the Jingguofa Consideration Shares and Beiba Media Consideration Shares, shall be the average trading price of the A Shares of the Company as quoted on the Shanghai Stock Exchange over the 30 trading days preceding the date of the Jingguofa Equity Interest Exchange Agreement and the Beiba Media Equity Interest Exchange Agreement i.e. RMB11.12 per A Share. Based on the foregoing review, we are of the view that basis of determining the consideration of Beiba Media Equity Interest and the Jingguofa Equity Interest and the transfer price of the Jingguofa Consideration Shares and Beiba Media Consideration Shares are fair and reasonable.

As a result, we are of the view that the terms of the Beiba Media Equity Interest Exchange Agreement and the Jingguofa Equity Interest Exchange Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

D. CONCLUSION

Having considered the above reasons, we are of the view that the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM in this regard.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

Note: Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Grand Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors, the Directors, the Supervisors and chief executive of the Company or their respective associates had the following interest or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations below (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange:—

Long position in shares

Name of director	Capacity	Number of shares held	Approximate percentage of the shareholding in the entire share capital of the Company (A Shares and H Shares)
Wu Yan	Beneficial owner	43,001	0.01%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the Supervisors and chief executive of the Company or their respective associates had any interest or short positions in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

The following is a list of Directors and proposed Directors who, as at the Latest Practicable Date, were also employees of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Director/ proposed Director	Name of Shareholder	Capacity of Director/ proposed Director in Shareholder	Number of Shares held by Shareholder	Approximate percentage of shareholding in the entire share capital of the Company (A Shares and H Shares)
Wang Jun	Jingcheng Holding	Deputy general manager	180,620,000	42.80% of A Shares
Xia Zhonghua	Jingcheng Holding	Head of housing, land and resources department	180,620,000	42.80% of A Shares
Jin Chunyu	Jingcheng Holding	Head of planning and finance department	180,620,000	42.80% of A Shares
Fu Hongquan	Jingcheng Holding	Minister of the Ministry of the Securities and Reform	180,620,000	42.80% of A Shares

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, according to the Shareholders' register and related application documents received by the Company, so far as the Directors, and senior management of the Company are aware, each of the following persons, not being a Director, Supervisor or senior management of the Company, had an interest in the Shares which is required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in ten percent, or more of the nominal value of any class of share capital carrying rights to vote in all circumstances with attached rights at general meetings of the Company or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Interests in the Company

Name of Shareholder	Type of interest	Class	Number of Shares in class (Approximate percentage shareholding in class)	Approximate percentage of shareholding in the entire share capital of the Company (A Shares and H Shares)
Jingcheng Holding	Beneficial owner	A Shares	180,620,000	42.80%

Interests in other members of the Group

Name of the member of the Group	Name of person	Approximate percentage of interest
America Fortune Company	鄭國祥 (Zheng Guoxiang)	24.50%
	郭志紅 (Guo Zhihong)	24.50%
上海天海德坤復合氣瓶有限公司 (Shanghai Tianhai Gas Cylinder Co., Ltd.)	吳壽宗 (Wu Shouzhong)	12.16%
天津天海高壓容器有限責任公司 (Tianjin Tianhai High Pressure Containers Co., Ltd.)	天津大無縫投資有限公司 (Tianjin Dawufeng Investment Co., Ltd.)	45.00%
北京天海低溫設備有限公司 (Beijing Tianhai Cryogenic Equipment Co., Ltd.)	北京科瑞尼克科貿有限公司 (Beijing Kerui Nike Science Trading Co., Ltd.)	25.00%

Name of the member of the Group	Name of person	Approximate percentage of interest
廊坊天海高壓容器有限公司 (Langfang Tianhai High Pressure Cylinder Co., Ltd.)	吳壽宗 (Wu Shouzong)	17.9158%
北京明暉天海氣體儲備銷售有限公司 (Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.)	北京京國發股權投資基金 (有限合伙) Beijing Jingguofa Equity Investment Fund (Limited Partnership)	31.26%
北京明暉天海氣體儲備銷售有限公司 (Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd.)	北京巴士傳媒股份有限公司 Beijing Bashi Media Co., Ltd.	30.23%
山東天海高壓容器有限公司 (Shandong Tianhai High Pressure Cylinder Co., Ltd)	山東永安合力鋼瓶股份有限公司 (Shandong Yongan Heli Steel Cylinder Co., Ltd)	49%
江蘇天海特種裝備有限公司 (Jiangsu Tianhai Special Equipment Co., Ltd)	南京華博工貿實業有限公司 (Nanjing Huabo Industry & Trading Co., Ltd)	65%

Save as disclosed above and so far as the Directors and senior management of the Company are aware, as at Latest Practicable Date, no substantial Shareholder of the Company or other person held any interest or short position in the Shares or underlying Shares (as the case may be) which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 Part XV of the SFO, or who is, directly or indirectly, interested in ten percent, or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any existing or proposed service contracts with the Company which does not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any asset which had been, since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up, acquired

or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to the Company or were proposed to be acquired or disposed of by or leased to the any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Company.

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors and the proposed Directors were aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete with the business of the Group.

7. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the experts who have given their opinion or advice which is contained in this circular:

Name	Qualification
Grand Vinco Capital Limited	a corporation licensed for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to be appointed to advise the Independent Board Committee and Independent Shareholders in relation to the non-exercise of Right of First Refusal, the terms of the Beiba Media Equity Interest Agreement and Jingguofa Equity Interest Agreement, and the transactions contemplated thereunder

The letter and recommendation given by Vinco Capital are given as at the date of this circular for incorporation herein. Everbright Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/statements and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Vinco Capital was not interested in any Shares or shares in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares of the Group or shares in any member of the Group.

As at the Latest Practicable Date, Vinco Capital did not have any direct or indirect interest in any asset which had been or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, the date to which the latest published audited consolidated financial statements of the Company were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Beiba Media Equity Interest Exchange Agreement and Jingguofa Equity Interest Exchange Agreement will be available for inspection at the offices of Messrs. Woo, Kwan, Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours within 14 days from the date of this circular.

APPENDIX II 2015 WORK REPORT OF THE SUPERVISORY COMMITTEE

During 2015, the Supervisory Committee adhered to the principle of being responsible to all shareholders to supervise the lawful operation of the Company and performance of duty by the Company's Directors and senior management officers strictly in accordance with the Company Laws, Security Laws, Articles of Association and the Rules of Procedure for the Supervisory Committee of the Company. During the reporting period, the Supervisory Committee held 12 meetings and attended the 2014 AGM, first EGM in 2015 and all board meetings. The Supervisory Committee earnestly heard the Company's position on production and operation, investment activities and financial control, participated in the decision-making process for material events of the Company, reviewed the Company's periodic report and supervised the operation of the Company as well as the performance of duty by the Company's Directors and senior management officers, which enhanced the Company's the standard operation level and practically protected the Company's and Shareholders' legal interests. 2015 Work Report of the Supervisory Committee is set out below:

I. Work of the Supervisory Committee in 2015

Supervisory Committee of the Company establishes a sound meeting and working system, which can be implemented strictly. Supervisory Committee convened 12 meetings in 2015, details of which are set out below:

- (I) The Fourth Meeting of the Eighth Supervisory Committee was held at the Conference Room of the Company on 15 January 2015. Major details of the meeting are as follows:
1. The resolution on the connected transaction in relation to the acquisition of large cryogenic tank technology of Beijing Kerui Nike Science Trading Co., Ltd. by Beijing Tianhai Cryogenic Equipment Co., Ltd., a subsidiary of Beijing Tianhai Industry Co., Ltd. was considered and approved.
 2. The resolution on the signing of daily continuing connected transaction between Beijing Tianhai Industry Co., Ltd., and Beijing Jingcheng International Financial Leasing Co., Ltd., a subsidiary of Beijing Jingcheng Machinery Electric Holding Co., Ltd., our substantial shareholder, was considered and approved.
 3. The resolution on the application for banking facility and loan by the Company in 2015 was considered and approved.
 4. The resolution on the budget of the Company of 2015 was considered and approved.
 5. The resolution on the change of directors of Beijing Tianhai Industry Co., Ltd. and Jingcheng Holdings (Hong Kong) Ltd. was considered and approved.
 6. The management reported the overall operation of the Company for 2014.

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7. It was announced that the Shanghai Stock Exchange issued a regulatory work letter to the Company urging the Company to issue estimated results and warn of risks.

- (II) The fifth Meeting of the Eighth Supervisory Committee was held at the Conference Room of the Company on 12 February 2015. Major details of the meeting are as follows:

At which the resolution on financial leasing by the subsidiaries of the Company was considered and passed.

- (III) The sixth Meeting of the Eighth Supervisory Committee was held at the Conference Room of the Company on 17 March 2015. Major details of the meeting are as follows:

1. The work report of the Supervisory Committee for 2014 was considered and approved, and to be submitted to the 2014 annual general meeting of the Company for consideration.
2. The 2014 annual report of the Company and its summary were considered and approved.

The Supervisory Committee of the Company had reviewed the Company's 2014 annual report and its summary prepared by the Board according to the SFO and Contents and Formats for Information Disclosure by Companies that Offer Securities to the Public No. 2 – Contents and Format of Annual Reports (revised in 2014). At the meeting, all supervisors unanimously considered that:

- (1) The preparation of and the procedures for considering the Annual Report of the Company are in compliance with the laws, regulations, provisions of the articles of association of the Company (the "Articles of Association") and all stipulations of the Company's internal control system;
 - (2) The content and format of the Annual Report of the Company are in compliance with all requirements of China Securities Regulatory Commission and stock exchanges. The information contained therein can truly reflect the operation, management and financial position of the Company in the year;
 - (3) Before arriving at this opinion, persons participating in the preparation and consideration of the Annual Report were not found to have acted in breach of the rules of confidentiality.
3. The 2014 audited financial statements of the Company were considered and approved.

APPENDIX II 2015 WORK REPORT OF THE SUPERVISORY COMMITTEE

4. The proposal of the Company not to distribute any profit for the year 2014 was considered and approved.
5. The resolution in respect of provision for impairment on assets of the Company for the year 2014 was considered and approved.

As the Supervisory Committee is aware of after review, no provision for impairment on assets is in breach of relevant accounting rules or requirements; nor is there any violation of the laws, regulations, the Articles of Association or internal control system of the Company during the course of reviewing such resolutions by the Board.

6. The 2014 self assessment report on the Company's internal control was considered and approved.
7. The 2014 audited internal control report of the Company was considered and approved.
8. The 2014 social responsibility report of the Company was considered and approved.
9. The resolution on filing an application to the Shanghai Stock Exchange for delisting risk warning to be imposed on the A shares of the Company was considered and approved.
10. The resolution on application of the newly issued or amended Accounting Standards for Relevant Business Enterprises in 2014 was considered and approved and the opinions of the Supervisory Committee were set out in the "Announcement of the application of newly issued or amended Accounting Standards for Business Relevant Enterprises promulgated by the Ministry of Finance in 2014" (Announcement Lin No. 2015-013).
11. The resolution on the impact on the financial statements in 2014 due to the changes of accounting estimation was considered and approved.

(IV) The seventh Meeting of the Eighth Supervisory Committee was held at the Conference Room of the Company on 2 April 2015. Major details of the meeting are as follows:

The resolution on the establishment of Jiangsu Tianhai Special Equipment Co., Ltd. ("Jiangsu Tianhai") by Beijing Tianhai Industry Co. Ltd. ("Beijing Tianhai"), a subsidiary of the Company, and the welding cylinder and acetylene cylinder construction project was considered and approved.

Beijing Tianhai and Nanjing Bibo Trade and Industry Co., Ltd. ("Nanjing Bibo") jointly established Jiangsu Tianhai in Jingkou District, Zhenjiang City, Jiangsu Province, with registered capital of RMB 80 million. Beijing Tianhai contributes with a total capital of RMB28 million, including the investment of the equipment

APPENDIX II 2015 WORK REPORT OF THE SUPERVISORY COMMITTEE

of welding cylinders and acetylene cylinders with a value of RMB9,855,800 (with reference to the appraisal value of RMB9,855,800 set out in the Project Asset Appraisal Report on Investment of Mechanical Equipment of Beijing Tianhai Industry Co., Ltd. Fang Ping Bao Zi No. 2015011 issued by Beijing Fangxin Assets Appraisal Co. Ltd. (北京方信資產評估有限公司)) and the patent of welding cylinders and acetylene cylinders and use rights of proprietary technologies with a price of RMB18,144,200 (with reference to the intangible asset estimated value of RMB17.82 million of Project Asset Appraisal Report on Intangible Assets of Beijing Tianhai Industry Co., Ltd. for External Investment Fang Ping Bao Zi No. 2015010 issued by Beijing Fangxin Assets Appraisal Co., Ltd.), accounting for 35% of the equity interests; Nanjing Bibo contributes RMB 52 million in cash, accounting for 65% of the equity interests.

Supervisors' opinions: the establishment of the new company can be beneficial from the advantages of Beijing Tianhai in respect of brand, technologies and quality and from the advantages of Nanjing Bibo in respect of cost management, region, sales and procurement. Both parties complement each other's advantages, and integrate the resources.

The establishment of the new company is beneficial to the further expansion of the market shares of the Company, continuous improvement of the Company's strategies, which is in line with the requirement of development and long-term plan of the Company.

- (V) The eighth Meeting of the Eighth Supervisory Committee was held at the Conference Meeting of the Company on 22 April 2015. Major details of the meeting are as follows:

The resolution in relation to the change of supervisor of the eighth session of the Supervisor Committee of the Company was considered and approved.

According to the recommendation of the substantial shareholder, the resolution in relation to the nomination of Ms. Chang Jun and Ms. Wang Weijing (please refer to the Appendix for their biographical details) as the supervisor candidates for the eighth session of the Supervisory Committee was considered and approved by the eighth session of the Supervisory Committee, and the resolution shall be submitted to the annual general meeting of 2014 for consideration. It was proposed that the terms of supervisors shall commence from the date of approval of the annual general meeting of 2014 until the annual general meeting of 2016.

- (VI) The ninth Meeting of the Eighth Supervisory Committee was held at the Conference Meeting of the Company on 30 April 2015. Major details of the meeting are as follows:

The first quarterly report of 2015 of the Company was considered and approved.

APPENDIX II 2015 WORK REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company had reviewed the first quarterly report of 2015 of the Company according to relevant requirements of China Securities Regulatory Commission. At the meeting, all supervisors unanimously considered that:

1. The preparation of and the procedures for considering the First Quarterly Report are in compliance with the laws, regulations, provisions of the articles of association of the Company (the “Articles of Association”) and all stipulations of the Company’s internal control system;
2. The content and format of the First Quarterly Report are in compliance with all requirements of China Securities Regulatory Commission and the Stock Exchange of Hong Kong Limited. The information contained therein can truly reflect the operation, management and financial position of the Company in the year;
3. Before arriving at this opinion, persons participating in the preparation and consideration of the First Quarterly Report were not found to have acted in breach of the rules of confidentiality.
4. The Supervisory Committee has agreed that the information disclosure obligation in the First Quarterly Report is on schedule.

(VII) The tenth meeting of the eighth session of the supervisory committee was held at the fourth conference room, 18/F, Jingcheng Holding Mansion, No. 59 Dongsanhuan Road Central, Chaoyang District, Beijing, on 10 June 2015. Major details of the meeting are as follows:

The resolution in relation to the election of the chairman of the eighth session of the supervisory committee of the Company was considered and passed.

All attending supervisors unanimously consented Ms. Chang Yun (please refer below for biography) to be elected as the chairman of the eighth session of the supervisory committee of the Company for a term starting from 10 June 2015 and ending at the conclusion of 2016 annual general meeting of the Company.

Chang Yun, Chinese, female, aged 40. She obtained a Bachelor’s Degree in economics from China Coal Economic College (中國煤炭經濟學院), and MBA of China Europe International Business School. She is a senior accountant, certified public accountant and certified tax agent. Ms. Chang was the cost accounting supervisor, deputy director of the finance department of Beijing Research Institute of Mechanical & Electrical Technology, finance manager of BMEI Co., Ltd. and chief financial officer of Beijing Jingcheng Heavy Industry Co., Ltd. She is currently the minister of the audit department of Beijing Jingcheng Machinery Electric Holding Co., Ltd. (the headquarter).

APPENDIX II 2015 WORK REPORT OF THE SUPERVISORY COMMITTEE

(VIII) The eleventh Meeting of the Eighth Supervisory Committee was held at the Conference Meeting of the Company on 11 August 2015. Major details of the meeting are as follows:

1. The 2015 Interim Report of the Company and its summary were considered and approved.

The Supervisory Committee reviewed the 2015 Interim Report (hereinafter referred to as “Interim Report”) prepared by the board of directors of the Company, and issued its opinion as follows:

- (1) The preparation of the Interim Report and the procedures for considering the Interim Report are in compliance with the laws, regulations, provisions of the Articles of Association of the Company and all stipulations of the Company’s internal control system;
 - (2) The content and format of the Interim Report are in compliance with all requirements of China Securities Regulatory Commission and the stock exchange, the information contained therein can truly reflect the operation, management and financial position of the Company during the reporting period;
 - (3) Before arriving at this position, no person participating in preparation and consideration of the Interim Report had been found to have acted in breach of the rules of confidentiality.
 - (4) The Supervisory Committee has agreed that the information disclosure obligation in the Interim Report is on schedule.
2. The resolution in relation to the provision for impairment of the Company for the half year of 2015 was considered and approved.

As being aware of the Supervisory Committee after review, no provision for impairment on assets is in breach of relevant accounting rules or requirements; nor is there any violation of the laws, regulations, the Articles of Association or internal control system of the Company during the course of reviewing such resolutions by the Board of Directors.

3. The resolution on the normal connected transaction between Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, and Beijing Jingcheng International Financial Leasing Co., Ltd., a subsidiary of Beijing Jingcheng Machinery Electric Holding Co., Ltd., the substantial shareholder was considered and approved.

(IX) The twelfth Meeting of the Eighth Supervisory Committee was held at the Conference Meeting of the Company on 8 September 2015. Major details of the meeting are as follows:

APPENDIX II 2015 WORK REPORT OF THE SUPERVISORY COMMITTEE

1. The resolution of providing bridging loan of RMB50 million (Renminbi Fifty Million) to Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, by Beijing Jingcheng Machinery Electric Holding Co., Ltd, the controlling shareholder of the Company, was considered and approved.

The listing company does not have corresponding security or guarantee over such financial assistance. The bridging loan bears interests at the rate for one-year period determined by the People's Bank of China.

2. The resolution of providing loan of RMB88 million (Renminbi Eighty-eight Million) to Langfang Tianhai High Pressure Containers Co., Ltd., a subsidiary of the Company by Beijing Jingcheng Machinery Electric Holding Co., Ltd, the controlling shareholder of the Company, was considered and approved.

Such loan will be fully utilized to supplement the liquidity of Langfang Tianhai High Pressure Containers Co., Ltd. ("Langfang Tianhai") and bears interests at the loan rate for one-year period determined by the People's Bank of China. The listing company does not have corresponding security or guarantee over such financial assistance.

3. The resolution of providing loan to Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, by the Company was considered and approved.

The Company and Jingcheng Holding (Hong Kong) Company Limited, a subsidiary, own as to 88.50% and 11.50% in Beijing Tianhai Industry Co., Ltd. ("Beijing Tianhai"), a subsidiary, respectively. In order to support the development of Beijing Tianhai, the Company provides a loan of Renminbi Two Hundred and Ninety Million to Beijing Tianhai as its liquidity to supplement its fund for purchasing raw materials and auxiliary materials. It is a one-year loan (calculated from the time when the fund is received), and bears interests at the rate for the same period determined by the commercial banks. The loan is subject to the approval by the board of directors.

- (X) The thirteenth Meeting of the Eighth Supervisory Committee was held at the Conference Meeting of the Company on 23 October 2015. Major details of the meeting are as follows:

The resolution in relation to the change of supervisor of the eighth session of the Supervisor Committee of the Company was considered and approved.

The resolution in relation to the nomination of Ms. Liu Zhe (please refer to the Appendix for her biographical detail) as the supervisor candidate for the eighth session of the Supervisory Committee was considered and approved by the eighth session of the Supervisory Committee, and the resolution shall be submitted to the first extraordinary general meeting of 2015 for consideration. It was proposed that the term of supervisor shall commence from the date of approval of the first extraordinary general meeting of 2015 until the annual general meeting of 2016.

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However, as the resignation of Ms. Wang Weijing will cause the number of supervisors to be lower than the quorum and that required by the Company's articles of association, her resignation will be effective only upon the appointment of new supervisor.

(XI) The fourteenth Meeting of the Eighth Supervisory Committee was held at the Conference Meeting of the Company on 29 October 2015. Major details of the meeting are as follows:

1. The 2015 Third Quarterly Report of the Company was considered and approved.

The Supervisory Committee of the Company had reviewed the Company's 2015 Third Quarterly Report prepared by the board of directors of the Company according to relevant requirements of China Securities Regulatory Commission. At the meeting, all supervisors unanimously considered that:

- (1) The preparation of the Third Quarterly Report and the procedures for considering the Third Quarterly Report are in compliance with the laws, regulations, provisions of the articles of association of the Company and all stipulations of the Company's internal control system;
 - (2) The content and format of the Third Quarterly Report are in compliance with all requirements of China Securities Regulatory Commission and the stock exchange, the information contained therein can truly reflect the operation, management and financial position of the Company during the reporting period;
 - (3) Before arriving at this opinion, no person participating in preparation and consideration of the Third Quarterly Report had been found to have acted in breach of the rules of confidentiality;
 - (4) The Supervisory Committee has agreed that the information disclosure obligation in the Third Quarterly Report is on schedule.
2. The resolution in relation to the provision for impairment of the Company for July to September 2015 was considered and approved.

Based on the balance of accounts receivable and actual age of accounts and actual usage of assets as of 30 September 2015 upon physical stock take, analysis and audit, assets impairment provision of RMB10,789,900 were made by the Company for July to September 2015 in accordance with the requirements for bad debt provision and assets impairment provision under Corporate Accounting Standard issued by the Ministry of Finance and the Internal Control System on Bad Debt Provision and Assets Impairment Provision and Loss Treatment of the Company.

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(XII) The fifteenth Meeting of the Eighth Supervisory Committee was held at the Conference Meeting of the Company on 26 November 2015. Major details of the meeting are as follows:

- I. Resolution in relation to the issue of shares in consideration of asset purchase and fund raising meet the qualification requirements as stipulated in relevant laws and regulations was considered and approved.

Pursuant to relevant regulations, laws and regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Measures on the Administration of Material Asset Restructuring of Listed Companies, Regulation in relation to Certain Issues of Material Asset Reorganization of Listed Companies, the Administration Measures on Securities Issuance of Listed Companies, Implementation Details of Non-Public Issuance of Shares by Listed Companies, the Company fulfils the conditions for non-public issue of shares, and the material asset reorganization of the Company fulfils the following conditions:

- (1) The Company to acquire 100% equity interests in Beijing Jingcheng International Financial Leasing Co., Ltd. (here below referred to as "Financial Lease Company") in the Transaction complies with the national industrial policy; the business operates by Financial Lease Company does not suffer from administrative penalties from Environmental Protection Department in any ways, nor there is any environmental infringement litigation which is related to the business it engages in; the Transaction does not violate the PRC laws and regulations land and antitrust;
- (2) The total share capital and shareholding distribution of the Company complies with the regulations of the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Transaction will not result in the Company does not satisfy with the listing conditions;
- (3) The transaction price for the Transaction is based on the price determined in the asset valuation report, issued by asset appraisal institution which possess appropriate qualifications, and approved by and filed with Beijing SASAC and the amount received by Jingcheng International in its registered capital of RMB16,666,700 after the valuation reference date, and after negotiations by both parties to the Transaction. The issue price of the shares issued to all shareholders of Financial Lease Company by the Company in the Transaction complies with the relevant regulation of the China Securities Regulatory Commission ("CSRC"). The pricing of the assets of the Transaction is fair, there does not exist any situation which would damage the legitimate rights and interests of the Company and shareholders;

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- (4) The 100% shareholding involved in the Transaction is clear, subject to the appropriate fulfillment of the relevant laws and regulations and the conditions precedent, there does not exist any substantial barrier in relation to the transfer of subject assets to the Company;
 - (5) Upon the completion of the Transaction, the Financial Lease Company will become the wholly-owned subsidiary of the Company, the principal business of the Company will not be changed. The business which the Financial Lease Company engages in complies with national industrial policy, there does not exist any situation where the laws, regulations and regulatory documents are violated, which would lead to the operation of the Finance Lease Company cannot be continued. Upon the completion of the Transaction, the Company shall possess the ability for continuous operation, there does not exist the situation which would result in the main assets of the Company to be cash or no specific business operation upon the completion of the Transaction;
 - (6) Upon the completion of the Transaction, the Finance Lease Company, as the wholly-owned subsidiary of the Company, business, assets, finance, staff, institution are still independent to the controlling shareholder, actual controller and other enterprises controlled by it. The Transaction shall not affect the independence of the Company, complies with the relevant regulation of CSRC related to the independence of the listed companies;
 - (7) The Company has set up organizations such as general meeting, board of directors, supervisory committee etc. according to laws and regulations and regulatory documents such as the Company Law of the People's Republic of China, Standards for Corporate Governance of Listed Companies, and implemented relevant management system for the organizations, the organizations are well-organized. The above standardized corporate governance measures shall not have material change due to the Transaction, upon the completion of the Transaction, the Company shall maintain its sound and effective corporate governance structure;
 - (8) Certified public accountants issued an unqualified report in respect of the financial accounting report of the Company for the most recent year.
- II. Resolution in relation to the issue of shares in consideration of asset purchase and fund raising to specific targets whom satisfied with conditions was considered and approved.

The Company intends to acquire 100% equity interests in the Finance Lease Company, which is jointly held by Beijing Jingcheng Machinery Electric Holding Co., Ltd. ("Jingcheng Holding") and Jingcheng Holding Europe GmbH ("Jingcheng Europe Company"), by way of a combination of

non-public share issue and payment of cash, and the target of issue is shareholder of the Finance Lease Company, Jingcheng Holding, and the transaction party to use the raising fund is the shareholder of the Finance Lease Company, Jingcheng Europe Company. At the same time, the Company intends to nonpublic issuance of shares for fund-raising to no more than 10 specific investors (including Jingcheng Holding). The fund raised is intended to use to pay the cash consideration of the acquisition in the Transaction, relevant expenses of the reorganization, and capital increase of the Finance Lease Company. The Transaction proposal is consisted of two parts, share issue and payment of cash to purchase assets, and issuance of shares for fund-raising.

(1) Share issue and payment of cash to purchase assets

1. Method, transaction subject and transaction party of share issue and payment of cash to purchase assets

The Company intends to purchase 100% equity interests in target assets owned by transaction party by way of share issue and payment of cash to purchase assets to specific investors.

The transaction subject for the share issue and payment of cash to purchase assets is 100% equity interests in the Finance Lease Company.

The transaction party for the share issue to purchase assets is the shareholder of the Finance Lease Company, Jingcheng Holding, while the transaction party for the using of fund raised to purchase assets is the shareholder of the Finance Lease Company, Jingcheng Europe Company.

2. Transaction subject price and the pricing method

Transaction party of the share issue and payment of cash to purchase assets appoint valuation institution which possess securities business qualification, using 31 October 2015 as the valuation reference date, made an initial valuation in respect of the subject assets, and the estimated valuation value is RMB481,718,100.

Each transaction party agrees that 31 October 2015 shall be used as the valuation reference date, and the assets valuation report shall be issued by subject assets by the valuation institution and subject to the approval by and filed with Beijing SASAC, transaction price shall be determined based on the valuation results of assets valuation report after negotiation and the amount received by Jingcheng International in its registered capital of RMB 16,666,700 after the valuation reference date.

3. Payment method of transaction consideration

The preliminary transaction consideration of the subject assets is RMB498,384,800. According to the preliminary pricing, the Company shall pay all the transaction price by way of share issue and payment in cash, among which, the amount of share consideration is 75% of the total purchase price, i.e. RMB373,788,600, while the amount of cash consideration is 25% of the total purchase price, i.e. RMB124,596,200.

4. Method of issue

The share issue is non-public issue.

5. Target of issue

The specific target of share issue is shareholder of the Finance Lease Company, Jingcheng Holding.

6. Issue price

The pricing reference date for the share issue and payment of cash to purchase assets is the date of announcement of resolutions considered and approved at the sixth meeting of the eighth session of the board of directors of the listed company. The issue price of the share issue adopts 90% of the average share price of the Company for 120 trading days before the pricing reference date, that is, RMB 10.86 per share. Average share price of the Company for 120 trading days before the announcement date of consideration and approval = total amount of transaction of shares of the Company for 120 trading days before announcement date of consideration and approval/total transaction volume of shares of the Company for 120 trading days before announcement date of consideration and approval. The final issue price is subject to approve at the general meeting of the Company.

In case of ex-rights or ex-dividend such as distribution of dividend, bonus issue, transfer to share capital, new issue or placing by the Company during the period from the pricing reference date to issue date, the issue price above shall be adjusted accordingly and the number of shares to be issued shall also be adjusted accordingly.

7. Number of shares to be issued

The shares issued for the purchase of assets are 34,418,800 shares in total. The specific number of shares to be issued is subject to the consideration and approval from the general meeting of the

Company and the Beijing SASAC and the CSRC and the approval from relevant business competent authorities on the reorganisation, which shall be related to the transaction price of the subject assets.

8. Lock-up period arrangement

Jingcheng Holding shall not transfer the shares of Company acquired through the Transaction within 36 months after the completion of share issue, including but not limited to, open transfer through security market or transfer through agreement. In case the closing prices of the Company lowered than the issue price for 20 consecutive trading days during the 6 months after the completion of the reorganization, or the closing price is lowered than the issue price during the end of the 6 months after the completion of reorganization, the lock-up period for the acquisition of shares of the Company in the material assets reorganization shall be extended automatically for 6 months.

9. Arrangement for profit or loss for the transition period

During the transition period, profit or loss arise from the operation of the subject assets, shall receive and assume according to the following agreement: profits arise from the operation of the subject assets during the transition period shall be received by the Company, loss or decrease in net assets due to any other reasons shall be assumed by Jingcheng Holding, Jingcheng Holding shall compensate the Finance Lease Company in full within 10 working days after the above report issued, according to the shareholding as at the date of execution of the agreement. Within 30 working days after the completion date, profit or loss arise during the transition period shall be audited by the accounting firm which possess securities qualification and recognised by both parties, and relevant report shall be issued for confirmation.

Upon the completion of the share issue, un-distributed profits accumulated by Jingcheng Company shall be shared by new and old shareholders according to shareholding after the share issue.

10. Contract obligations and default liabilities under the transfer of ownership of the subject assets of relevant assets

According to the assets purchase agreement entered into between the Company and transaction party, each party shall complete the subject assets delivery before the date of non-public share issue of the Company, the date of share issue shall be after the date of delivery, and the Transaction shall be completed within the approval validity period of the CSRC. Any parties whom cannot

fulfill the obligation, responsibility and commitment under the agreement, or representations or warranties made are inaccurate or seriously wrong, such party shall be deemed to be in breach of the agreement. The party in breach shall assume the liability for the breach to the observant party according to agreement and laws and regulations. In case both parties are in breach, each party shall assume the relevant liability arising from its breach. In case the Transaction cannot be completed but not due to the faults of any party, each party does not have to assume liability for such breach.

11. Listing place

The intended place for listing of shares issued to the specific targets is Shanghai Stock Exchange.

(2) Share issue for fund raising

1. Target of issue and method of issue

Listed Company intends to issue shares through non-public issue to not more than 10 specific investors, including Jingcheng Holding, it is expected that the fund raised shall not over RMB200,000,000.

The method of issue of share issue for fund raising is non-public issue, targets of issue are not more than 10 specific investors such as securities investment fund management companies, securities companies, trust and investment companies, financial companies, insurance institutional investors and qualified foreign institutional investors, domestic institutional investors and other domestic institutional investors, and natural person, which fulfill the regulations of the CSRC.

2. Par value and type of the share issue

The type of share issue is domestically-listed Renminbi ordinary shares (A Shares), with a nominal value of RMB1.

3. Issue price and pricing principle

The pricing principle for the Company to non-public share issue to specific investors for fund-raising is based on prices quoted from investors, issue price shall not be lowered than 90% of the average transaction price of the shares of the Company for 20 trading days before the pricing reference date. The pricing

reference date is the date of general meeting, on which Jingcheng Company considered and approved the resolution in relation to the reorganization.

The final issue price shall be determined after the CSRC having approved the issue, and the Board of the Company will confirm in accordance with the authorization from the general meeting and according to the regulations of relevant laws, administrative regulations and regulatory documents, and the purchase price quoted by the targets of issue. In case of ex-rights or ex-dividend such as distribution of dividend, bonus issue, transfer of capital reserve to share capital, new issue or placing by the Company during the period from the pricing reference date to issue date, the issue price above shall be adjusted accordingly and the number of shares to be issued shall also be adjusted accordingly.

4. The number of shares to be issued

It is expected that the fund raised in the Transaction shall not exceed RMB200 million. The final number of shares to be issued shall be determined by prices quoted from investors. In case of distribution of dividend, bonus issue, transfer of capital reserve to share capital by the Listed Company during the period from the pricing reference date to issue date, the issue price shall be adjusted accordingly and the number of shares to be issued shall also be adjusted accordingly in accordance with the relevant regulations of the stock exchange.

5. Lock-up period arrangement of shares

In the Transaction, price consultation method is used in the non-public share issuance to not more than 10 specific investors, including Jingcheng Holding, among which, the shares issued to Jingcheng Holding shall not be transferred with 36 months after the share listing date, while shares issued to other specific investors shall not be transferred within 12 months after the closing of share issue.

In case the number of shares issued in the Transaction increased due to reasons such as bonus issue, transfer of capital reserve to share capital by the Company, then the number of shares increased will also have to follow the lock-up period mentioned above.

Lock-up period for the newly issued shares of the Listed Company in the Transaction shall be determined by the Board authorized in the general meeting and according to the relevant laws and regulations and audit requirements of competent authorities.

6. Use of fund raised

The fund raised, net of issuance charge, will be used by Jingcheng Holding (Hong Kong) Company Limited (“Jingcheng HK”), a wholly-owned subsidiary, to acquire 25% equity interests held by Jingcheng Europe Company in the Finance Lease Company. Among which, RMB124,596,200 shall be used to pay the cash consideration of the Transaction, and the remaining amount after payment of relevant expenses, is used for capital increase of the Company, so as to enhance the consolidated results after reorganisation. The Company mainly base on the consideration of the Transaction proposal and the financial situation of the transaction subject and the development strategies, to carry out fund raising in the Transaction. In case the fund raising cannot be implemented or the fund raised is not enough, the Company shall pay part of the cash consideration from the own fund raising.

7. Listing place

The intended place for listing of shares to be issued to the specific targets is Shanghai Stock Exchange.

(3) Validity period of the resolution of the Transaction

The validity period for resolution in relation to the share issue and payment in cash to purchase assets and fund raising shall be 12 months from the date of submission to the general meeting for consideration and approval.

III. Resolution in relation to the issue of shares in consideration of asset purchase and fund raising of the Company constitute connected transaction was considered and approved.

The Company intends to acquire 100% equity interests in the Finance Lease Company, which is jointly held by Beijing Jingcheng Machinery Electric Holding Co., Ltd. and Jingcheng Europe Company, by way of a combination of share issue and payment of cash. In which, 75% equity interests held by Jingcheng Holding in Finance Lease Company shall be paid by the Company by way of consideration shares, while 25% equity interests held by Jingcheng Europe Company in Finance Lease Company shall be paid by Jingcheng HK, the wholly-owned subsidiary of the Company, by way of cash. In the issue of shares in consideration of asset purchase transaction, Jingcheng Holding is the controlling shareholder of the Company. In the fund raising for share acquisition transaction, Jingcheng HK is the wholly-owned subsidiary of the Company, Jingcheng Europe Company is the wholly-owned subsidiary of Beijing Beiyi Machine Tool Co., Ltd., the controlling subsidiary of the controlling shareholder of the Company. According to relevant laws and regulations, regulatory documents such as the

Company Law and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association, Jingcheng Holding, Jingcheng Europe Company are connected parties to the Company before the Transaction. As such, the share issue and fund raising constitutes connected transaction.

- IV. Resolution on the entering into of “the agreement of the issuance of shares and purchase of assets between Beijing Jingcheng Machinery Electric Holding Co. and Beijing Jingcheng Machinery Electric Company Limited” and “the conditional non-public offering share subscription agreement between Beijing Jingcheng Machinery Electric Holding Co. and Beijing Jingcheng Machinery Electric Company Limited” was considered and approved

To ensure the assets reorganization of the Company can carry out smoothly, and fully reflect the fair and equitable trading principles, the Company has recently signed “the agreement of the issuance of shares and purchase of assets between Beijing Jingcheng Machinery Electric Holding Co. and Beijing Jingcheng Machinery Electric Company Limited” and “the conditional non-public offering share subscription agreement between Beijing Jingcheng Machinery Electric Holding Co. and Beijing Jingcheng Machinery Electric Company Limited”, the agreements defined the scope of target assets of the Transaction, pricing principles and transaction price, payment method of consideration, lock-up arrangement for the issuance of shares, profit and loss arrangement for the transaction target assets during the transition period, delivery of the transaction target assets, rights and obligations for all parties of the transaction, conditions of the agreements, liabilities for breach of contract etc.

- V. Resolution in relation to the signing of Equity Interest Transfer Framework Agreement by Jingcheng Holding (Hong Kong) Company Limited and Jingcheng Holding Europe GmbH was considered and approved

In this proposal, the Company will raise funds to increase the capital of its wholly owned subsidiary Jingcheng Holding (Hong Kong) Company Limited for the Jingcheng HK’s acquisition of 25% equity interest of Beijing Jingcheng International Financial Leasing Co., Ltd. held by Jingcheng Europe Company. Therefore, Jingcheng HK will sign the Equity Interest Transfer Framework Agreement with the transaction party, and the agreement will provide for the scope, pricing principle and transaction price of the target assets, the delivery of the target assets, the rights and obligations of the transaction parties, conditions of the agreement, liabilities for breach of contract etc.

- VI. Resolution in relation to the issue of shares and payment of cash to purchase assets and related fund raising and connected transaction proposal was considered and approved

The basic information of the Company's issue of shares to specific targets and payment of cash to purchase assets and related fund raising and connected transaction plan, the basic information of the counterparty, the background and purpose of the Transaction, the specific proposal of the Transaction, basic information of the transaction subject, the effect of the Transaction on the Company, approval procedures required for the Transaction, relevant arrangement for the protection of legal interest of investors, investigation opinion of independent financial adviser and relevant risk explanation etc. Independent directors of the Company have issued their independent opinion of the proposal.

The resolution relates to a plan which is subject to the completion of audit, assessment etc. The Company will complete such documents and convene further Board meeting for consideration.

- VII. Resolution in relation to the compliance of this asset reorganisation with the requirement of Article 4 of the Regulation in relation to Certain Issues of Material Asset Reorganization of Listed Companies was considered and approved

According to relevant requirement relating to share issue by listed companies to acquire assets issued by CSRC, the issue of shares and payment of cash to purchase assets and related fund raising of the Company comply with Article 4 of the Regulation in relation to Certain Issues of Material Asset Reorganization of Listed Companies. The detailed analysis is as follows:

1. The target asset of this material asset reorganization has performed the required approval procedures for its production and operation and obtained relevant certificates and licenses. This material asset reorganization is subject to the satisfaction of various conditions including, but not limited to, consideration and approval by general meeting of the Company, approval of the transaction proposal by Beijing SASAC and CSRC.

The above approvals matters are disclosed in details in the “the issue of shares and payment of cash to purchase assets and related fund raising and connected transaction plan of Beijing Jingcheng Machinery Electric Company Limited” and special warning has been made that such approvals may or may not be obtained.

2. The target asset intended to be acquired under this material asset reorganization is the 100% equity interest of Financial Lease Company. According to the undertaking and the business registration document provided by the transaction party, there is no falsified capital

contribution or any condition affecting its legally valid existence, and the seller of the asset legally owns the complete rights of the target asset without any restriction and prohibition on transfer.

3. Upon completion of the Transaction, Financial Lease Company will become a wholly-owned subsidiary of the Company. Therefore, the Transaction will enhance the completeness of the Company's assets and will have benefits to the Company to maintain independence in its staff, procurement, production, sales, intellectual properties etc.
4. The Transaction will help the Company to enhance competitiveness, promote development strategies and strengthen risk resistance capacity, as well as improving its financial condition and enhancing profitability. There is no competition for same business between the target asset and the Company and the target asset has high independence. Although there will be new connected transactions after completion of the Reorganisation, such connected transactions have sufficient necessity and for which fair pricing will be adopted and they will be subject to consideration and approval procedures.

VIII. Resolution in relation to the compliance of the Transaction with the requirement of Article 43 of the Measures on the Administration of Material Asset Restructuring of Listed Companies was considered and approved

According to the requirements of the CSRC relating to the issue of shares to purchase assets, the issue of shares and payment of cash to purchase assets and related fund raising of the Company comply with the requirement of Article 43 of the Measures on the Administration of Material Asset Restructuring of Listed Companies. The detailed analysis is as follows:

1. The Transaction will help the Company to enhance competitiveness, promote development strategies and strengthen risk resistance capacity, as well as improving its financial condition and enhancing profitability. There is no competition for same business between the target asset and the Company and the target asset has high independence. Although there will be new connected transactions after completion of the Reorganisation, such connected transactions have sufficient necessity and for which fair pricing will be adopted and they will be subject to consideration and approval procedures.
2. Certified public accountant issued unqualified audit reports for the financial statements of Jingcheng Company for the its latest financial year and period.
3. Jingcheng Company, its current directors and senior management are not subject to investigation by legal authorities due to suspected criminal offence or investigation by the CSRC due to suspected violation of regulations.

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4. The target asset intended to be acquired under this Transaction is the 100% equity interest of Financial Lease Company. According to the undertaking and the business registration document provided by the transaction party, the title of Financial Lease Company is clear and the procedures for the transfer of title can be completed within the agreed period.

- IX. Resolution in relation to the completeness and compliance of legal procedures performed and the validity of legal documents submitted for the Transaction was considered and approved

Pursuant to relevant regulations of laws and regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Measures on the Administration of Material Asset Restructuring of Listed Companies, Regulation in relation to Certain Issues of Material Asset Reorganization of Listed Companies, the Administration Measures on Securities Issuance of Listed Companies, Implementation Details of Non-Public Issuance of Shares by Listed Companies and the articles of association of the Company, the necessary legal procedures applicable to the current stage of the matters in respect of the Transaction have been performed and such legal procedures are complete and in compliance. There is no false information, misleading statement or material omission in the legal documents submitted for the Transaction. The Board and all directors of the Company accept joint and several responsibilities for the truthfulness, accuracy and completeness of the documents.

- X. Resolution in relation to the Transaction constitute a material asset reorganization but not constitute backdoor listing was considered and approved

After careful analysis, Board of Directors of the Company considers that the reorganization meets the standard of material asset reorganization under Article 12 of the Administrative Measures on Material Asset Reorganization of Listing Companies, and constitutes material asset reorganization. The reorganization does not result in the change in actual controller, which does not constitute backdoor listing under Article 13 of the Administrative Measures on Material Asset Reorganization of Listing Companies.

- XI. Resolution in relation to whether the share price fluctuation of the Company reached the relevant standard under Article 5 of "notice of standardization of information disclosure of listed companies and act of each relevant party" was considered and approved

According to the requirements of relevant laws, regulations and regulatory documents, it is now proposed that "The Board of Director of Beijing Jingcheng Machinery Electric Company Limited in relation to the share price fluctuation of the Company does not reach the relevant standard under

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relevant explanation of Article 5 of “notice of standardization of information disclosure of listed companies and act of each relevant party” (Zheng Jian Gong Si Zi [2007] No. 128). Excluding the effects of large-cap factor and the effect of peer industry segments, the total fluctuation for the share price of the Company during 20 trading days before the announcement of price-sensitive material information did not exceed 20%.

XII. Resolution in relation to the appointment of agency by the Company to provide services for the Transaction was considered and approved

In order the share issue to purchase and fund raising could be carry out smoothly, the Board agrees to appoint the following agency to provide professional services for the reorganization of the Company:

1. Appoint China Securities Co., Ltd. as the independent financial advisor for the Transaction;
2. Appoint Beijing Kang Da Law Firm as the special legal advisor for the Transaction;
3. Appoint Chengtong Enterprises Interest as the asset valuation institution for the Transaction;
4. Appoint Shinewing Certified Public Accountants LLP as the auditing institution for the Transaction.

The above resolutions no. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 shall be proposed at the general meeting for consideration and approval.

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

The Supervisory Committee is of the view that, during the reporting period, the work of the Board strictly complied with the Company Law, Securities Law, the Listing Rules, Articles of Association of the Company and other relevant laws and regulations. The material decisions of the Company were scientific and reasonable and the procedures of decision were lawful and effective. Meanwhile, the Company has established and improved its internal management and control system. Directors and General Manager of the Company were able to carry out their duties earnestly. There had been no violation of the laws, regulations, the Articles of Association of the Company 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 considers that the 2015 Financial Report of the Company truly reflects the financial status and operating results of the Company. The Supervisory Committee has diligently reviewed the Financial Statements and other accounting data of the

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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 the relevant requirements, and no problem was found. ShineWing Certified Public Accountants LLP audited the 2015 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. Independent Opinion of the Supervisory Committee on Use of the Last Raised Proceeds by the Company

The last fund raising activity of the Company was conducted at the end of 2002 and completed for the year ended 31 March 2003. The use of the proceeds raised was in line with the intended use without any changes.

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

Nil

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

During the reporting period, the Company completed the following connected transactions: (1) the resolution on the connected transaction in relation to the acquisition of large cryogenic tank technology of Beijing Kerui Nike Science Trading Co., Ltd. by Beijing Tianhai Cryogenic was considered and approved; (2) the resolution on the signing of daily continuing connected transaction between Beijing Tianhai Industry Co., Ltd. (a subsidiary of the Company) and Financial Lease Company was considered and approved; (3) the resolution on the signing of daily continuing connected transaction between Beijing Tianhai Industry Co., Ltd., and Beijing Jingcheng International Financial Leasing Co., Ltd., a subsidiary of Beijing Jingcheng Machinery Electric Holding Co., Ltd., our substantial shareholder, was considered and approved; (4) the resolution in relation to the issue of shares by the Company in consideration of asset purchase and fund raising which constitutes a connected transaction was considered and approved.

The above connected transactions during the reporting period strictly complied with the procedures of relevant requirements of the Company Law and Articles of Association of the Company and the terms of them are fair and reasonable. They were 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 decision is in line with our development strategy and development needs in production and operation.

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

The Supervisory Committee has reviewed the self assessment report on internal control of Beijing Jingcheng Machinery Electric Company and considers that the internal control system of the Company is sound with effective implementation from 1 January 2015 to the end of the reporting period. The report objectively and fairly reflects the internal control of the Company and there is no disagreement on the assessment report.

All members of the Supervisory Committee attended all 15 Board of Directors' meetings and all shareholders' general meeting in the year of 2015, and during the meetings exercised supervision over whether the resolutions of the Board complied with the laws, regulations of the PRC and the Company's Articles of Association and whether in accordance with the resolutions of the general meetings as well as in the lawful interests of shareholders of the Company. The Supervisory Committee considers that the Board was strictly conscientious in carrying out their duties in accordance with the resolutions passed at the general meetings.

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

VIII. Work Plan of the Supervisory Committee for the year 2016

In 2016, the Supervisory Committee will strictly comply with the requirements of the Company Law, the Articles of Association and the relevant laws, regulations and policies of the state, truthfully perform its duties, and further promote regulated operations of the Company. Major work arrangements are outlined as below:

1. Comply with the laws and regulations and discharge duties conscientiously. In 2016, the Supervisory Committee will strictly implement the relevant requirements of the Company Law and the Articles of Association and supervise the Board and the senior management according to the laws with the purpose to further regulate the decision-making and operation activities to ensure their compliance with the laws. First, it will urge the Company to further improve the corporate governance structure and enhance governance standards according to the requirements of modern corporate system. Second, in accordance with the Rules of Procedure for the Supervisory Committee of the Company, it will continue to strengthen the enforcement of its supervisory functions and attend the Board meetings according to the laws so as to timely grasp the Company's major decisions and the lawfulness of the decision-making procedures, thereby further safeguard the interests of the shareholders. Third, it will convene working meetings of the Supervisory Committee on a regular basis to implement the Rules of Procedure for the Supervisory Committee of the Company.
2. Strengthen supervision and inspection to avoid operational risks. The Supervisory Committee will constantly strengthen the supervision of the directors and other senior management on their performance of duties, execution of resolutions and compliance with the laws and regulations. First, the financial supervision will be

APPENDIX II 2015 WORK REPORT OF THE SUPERVISORY COMMITTEE

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

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

By the order of the Supervisory Committee

Chang Jun

Chairman of the Supervisory Committee

16 June 2016

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

During our tenure as Independent Non-executive Directors of Beijing Jingcheng Machinery Electric Company Limited (“the Company”), we strictly complied with laws and regulations such as the Securities Law, the Company Law, the Rules for Corporate Governance of Listed Companies and Guidance on the Establishment of the System of Independent Directors by Listed Companies, as well as the Articles of Association and the work system for Independent Directors. We sincerely performed our responsibilities and duties diligently and conscientiously adhering to the principle of independence, objectivity and fairness, grasped the production and management condition of the Company timely, paid close attention to the comprehensive development of the Company, proactively attended relevant meetings, carefully considered board resolutions, gave independent opinions on affairs of the Company, gave full play to the role of independent non-executive directors, secured the scientific decision-making of the Board and the regulated operation of the Company, properly ensured the standardized operations of the Company and protected the legitimate 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 2015 as follows:

I. Basic information about independent directors

Personal working experiences, professional background and part-time situation

Wu Yan, Chinese, female, aged 68, independent non-executive director, graduated from Xi'an Jiaotong University majoring in boiler design and manufacturing. Ms. Wu was the technician of the First Research & Design Institute of Nuclear Industry (核工業第一設計研究院), technician of Tianjin Bureau of Labor, deputy director and director in the Boiler and Pressure Vessel Detection & Research Center under the Ministry of Labour, director and assistant inspector of Boiler and Pressure Vessel Safety Supervision Bureau under the State Bureau of Quality Technical Supervision, assistant inspector of Special Equipment Safety Supervision Bureau under the State Administration for Quality Supervision and Inspection and Quarantine, deputy secretary general and secretary general of China Gas Cylinders Standardization Technical Committee, and currently serves as the consultant of the committee. She was appointed as an independent non-executive director of the 8th session board of directors of the Company in 2014.

Liu Ning, Chinese, male, aged 57, independent non-executive director. He obtained a bachelor of laws from China University of Political Science and Law. He was the postgraduate in international economic law of Institute for International Economics of Nankai University and a lawyer. Mr. Liu obtained his qualification of lawyer in 1984 and have been practicing as a lawyer for over thirty years, during which he had dealt with various representative cases and legal affairs, and participated in legislation and other work. Mr. Liu served as director of Tianjin Dongfang Law Office and Beijing New Era Law Firm. He is currently the director and senior partner of B.J.H & New Era Law Firm (北京市公元博景泓律師事務所), member of the Economics Committee of All China Lawyers Association, member of the Legislative

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

Committee of the Central Committee of China Democratic League, researcher of Food and Drug Industry Development and Regulatory Research Center of Chinese Academy of Social Sciences, legislative consultant of Beijing Municipal People's Congress, member of the Eighth Committee of Chinese People's Political Consultative Conference of Haidian District of Beijing, member of Beijing Municipal Committee of China Democratic League, deputy director of the Social and Legal Affairs Committee of Beijing Municipal Committee of China Democratic League and executive member of Beijing Federation of Industry & Commerce. He was appointed as an independent non-executive director of the 8th session board of directors of the Company in 2014.

Yang Xiaohui, Chinese, male, aged 47, independent non-executive director. He has a bachelor's degree and is a certified public accountant, certified tax agent, certified public valuer (non-practicing member) and senior accountant in China. Mr. Yang was a teacher of North China University of Technology, department manager, deputy general manager and partner of Zhonghengxin, China Rightson Certified Public Accountants and RSM China Certified Public Accountants, and also served as the member of the technical committee of Beijing Institute of Certified Public Accountants. He is currently the senior partner of Ruihua Certified Public Accountants. He was appointed as an independent non-executive director of the 8th session board of directors of the Company in 2014.

Fan Yong, Chinese, male, aged 43, independent non-executive director. He obtained a master degree from Tsinghua University. Mr. Fan worked as the head of Investment Banking Division in Qinghai Securities, deputy director of general office of Shengli Oil Field Dynamic Group Co., Ltd. (Dynamic), deputy general manager of Felsted (Beijing) Investment Co., Ltd. (佛爾斯特(北京)投資有限責任公司), general manager of Capital Investment Department of Rising Securities Co., Ltd., business director of Investment Bank Headquarters of Qilu Securities Co., Ltd., director of Investment Banking of Zhong De Securities Co., Ltd. He is currently a founding partner of Beijing Yi Hui Jin Tong Asset Management Co., Ltd. (北京易匯金通資產管理有限責任公司). Mr. Fan was appointed as an independent non-executive director of the 8th session board of directors of the Company in 2014.

2. 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' units 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 2015, 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.

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

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 2015, the Company held 2 general meetings and 15 Board meetings (of which 12 meetings were held on-site and 3 meetings were held through communication equipment). Our attendance and votes are as follows:

(1) Attendance of the Board meetings

Name of director	Independent director or not	Required attendance during the year	Attendance in person	Attendance by communication equipment	Attendance by proxy	Absence	Absence from two consecutive meetings or not	Number of general meetings attended
Wu Yan	Yes	15	9	3	3	0	Yes	2
Liu Ning	Yes	15	12	3	0	0	No	2
Yang Xiaohui	Yes	15	10	3	2	0	No	2
Fan Yong	Yes	15	10	3	2	0	Yes	2

(2) Objection to the Relevant Matters of the Company

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

III. Highlights of the Performance of Duties by the Independent Directors for the Year

(1) Connected Transactions

1. Ordinary connected transactions

On 15 January 2015, we, being the independent directors of the Company, after seriously reviewing the relevant material, express our independent opinion about the ordinary connected transaction passed duly on the third extraordinary meeting of the eighth session of the board of directors of the company as follow:

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

- (1) At the third interim meeting of the eighth Board, the resolution relating to the ordinary connected transactions of the Company was considered in compliance with the requirements for information disclosure and decision-making procedures of the Company.
- (2) The prices of the above ordinary connected transactions are objective, fair and reasonable and complied with relevant laws, regulations and Articles of Association.
- (3) During the discussion and voting for considering and approving the establishment of financial leasing business by Tianhai Industrial and Financial Lease Company, Mr. Zhou Yongjun, Ms. Chang Jun and Mr. Xia Zhonghua, being connected directors, abstained from voting for this resolution. Such connected transaction does not cause the case of damaging the Company and its shareholders, especially the interest of minority shareholders.

This connected transaction was not approved at the Shareholder's meeting.

On 11 August 2015, we, after seriously reviewing the relevant material, express our independent opinion about the ordinary connected transaction passed duly on the fourth extraordinary meeting of the eighth session of the board of directors of the company as follow:

- (1) At the fourth meeting of the eighth Board, the resolution relating to the ordinary connected transactions of the Company was considered in compliance with the requirements for information disclosure and decision-making procedures of the Company.
- (2) The prices of the above ordinary connected transactions are objective, fair and reasonable and complied with relevant laws, regulations and Articles of Association.
- (3) During the discussion and voting for considering and approving the establishment of financial leasing business by Tianhai Industrial and Financial Lease Company, Mr. Xia Zhonghua, Ms. Jin Chunyu and Mr. Fu Hongquan, being connected directors, abstained from voting for this resolution. Such connected transaction does not cause the case of damaging the Company and its shareholders, especially the interest of minority shareholders.

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2. Connected transaction

1. On 15 January 2015, after carefully reviewing the relevant materials, we expressed the following opinion in relation to the resolution on the connected transaction regarding the purchase of large cryogenic tanks by Beijing Tianhai Cryogenic Equipment Co., Ltd., a subsidiary of Beijing Tianhai Industry Co. Ltd., from Beijing Kerui Nike Science Trading Co., Ltd. (the “Connected Transaction”), which was considered and passed at the third extraordinary meeting of the eighth session of the Board:
 - (1) at the third extraordinary meeting of the eighth session of the Board, the resolution relating to the connected transactions of the Company was considered in compliance with the requirements for information disclosure and decision-making procedures of the Company.
 - (2) Beijing Fangxin Assets Appraisal Co. Ltd. (北京方信資產評估有限公司) issued the valuation report titled 北京天海低溫設備有限公司擬購買北京柯瑞尼克科貿有限公司無形資產資產評估報告書(方(評)報字第2014020號). The Board considers that the major valuation bases of the estimated future incomes or cash flows of the subject transaction for the future years, major valuation parameters such as the discounted rate of the income approach used for the calculation model and valuation conclusions are made after due and careful enquiries.
 - (3) Upon reviewing, the Technology Transfer Agreement is in line with the needs for operation and long-term development of the Company and in the interests of the Company and its Shareholders as a whole. Procedures of selecting evaluation institution, conclusion of evaluation and voting process of the resolution comply with the relevant laws and regulations and relevant requirements of the Article of Association, which are legally effective. The prices of the transactions are based on the estimated value from the evaluation institution, which are objective, fair and reasonable and do not cause the case of damaging the Company and its shareholders, especially the interest of minority shareholders.
 - (4) None of the Directors shall abstain from voting on the resolution and it is not submitted to the Shareholder’s meeting for approval.

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2. In accordance with the provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for Material Asset Restructuring of Listed Companies, the Administrative Measures for the Issuance of Securities by Listed Companies, the Guidance on Establishment of Independent Directors System by Listed Companies (《關於在上市公司建立獨立董事制度的指導意見》), the Listing Rules of Shanghai Stock Exchange and Articles of Association, we, being the independent directors of the Company, after seriously reviewing the relevant material, express our independent opinion about the Connected Transaction passed duly on the sixth meeting of the eighth session of the board of directors of the company as follow:
- (1) The Company does not have relevant situations of being not allowed to issue shares, which complies with each of the conditions of the issue of shares and payment of cash to purchase assets and related fund raising of listed company.
 - (2) The transaction complies with relevant laws and regulations and regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Measures on the Administration of Material Asset Restructuring of Listed Companies, the Administration Measures on Securities Issuance of Listed Companies, which is feasible and practicable. The conduction of the transaction will be beneficial to the Company for competitiveness improvement and long-term development, which is in interest of the Company and its Shareholders as a whole and does not cause damage to the interest of minority shareholders.
 - (3) Relevant matters of the transaction which involve the approval of the Shareholder's meeting, Beijing SASAC and the China Securities Regulatory Commission has been disclosed in the Resolution in relation to the issue of shares and payment of cash to purchase assets and related fund raising and connected transaction proposal of Beijing Jingcheng Machinery Electric Company Limited, and warning on risks of not being approved has also been disclosed.
 - (4) The Company has engaged the valuer which has the qualification for securities business and for assessment of state-owned assets for estimating the target assets. The valuation institution selection complied with requirements and there is no connected relationship between the valuation institution and valuer and the Company, transaction party and target asset. There is no real or expected interest relationship other than receiving professional fees. The valuation institution is independent. The relevant assumption of valuation report of target asset complies with requirements of relevant regulations and laws and regulatory documents, the valuation standards and the requirements of industry practices in the PRC, and the actual conditions of the valuation subject.

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

The assumptions were reasonably made. The valuation complied with requirements of relevant regulations and laws and regulatory documents of the nation and followed the principles of independence, objectiveness, fairness and scientificity. The method and objective of the valuation are consistent. The transaction prices of the target asset transaction are determined by reference to the asset valuation result in the asset valuation report prepared by the asset valuer with qualification for securities business, and agreed by each of the parties. The pricing principle and method of the transaction are appropriate and fair and do not cause the case of damaging the interest of the Company and its shareholders.

- (5) The manner of transaction complied with requirements of relevant regulations and laws and regulatory documents of the nation and followed the principles of open, fairness and justice, which was in the interests of the listed company and its Shareholders as a whole, being fair and reasonable to all Shareholders.
- (6) Relevant resolution of the transaction was considered and approved at the sixth meeting of the Eighth session of Board, the procedure for convening and holding of and the voting procedures and method adopted at the meeting were in compliance with laws and regulations including the Company Law of the PRC and requirements of the Articles of Association.
- (7) According to the current operation of the Company and the target asset, the transaction constituted a material asset reorganisation of listed company and hence a connected transaction. The approval and disclosure of the transaction by the Board of the Company complied with relevant laws and regulations including the Company Law of the People's Republic of China and the Listing Rules of Shanghai Stock Exchange and the Articles of Association.
- (8) The conditional non-public offering share subscription agreement between the Company and Jingcheng Holding complied with requirements of laws and regulations and the real situation of the transaction, causing no damage to the Company and its Shareholders.

From the above, all independent Directors unanimously consented the resolution on the issue of shares and payment of cash to purchase assets and related fund raising and connected transaction and agreed to submitted to the Shareholder's meeting for approval.

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

(2) External guarantee and use of capitals

There were no external guarantee and use of capitals of the Company.

(3) Appointment of Directors

1. On 22 April 2015, the Company held the sixth meeting of the eighth session of the Board. It was considered and passed to nominate Ms. Jin Chunyu and Mr. Fu Hongquan, who was nominated by the substantial shareholder, as candidates for the election as non-executive Director of the eighth session of the Board of the Company, and Ms. Liu Zhe, who was nominated by the nomination committee, as candidates for the election as executive Directors of the eighth session of the Board of the Company.

Having reviewed relevant documents on the above candidates' statements of declaration and biographies, Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong, as independent non-executive Directors of the eighth session of the Board of the Company, are of the opinion that:

- (1) The relevant procedures of nomination of Ms. Jin Chunyu and Mr. Fu Hongquan by the substantial shareholder as candidates for the election as non-executive Director of the eighth session of the Board of the Company, and the nomination of Ms. Liu Zhe by the nomination committee as candidates for the election as executive Directors of the eighth session of the Board of the Company complied with requirements of the Articles of Association.
 - (2) Ms. Jin Chunyu, Mr. Fu Hongquan and Ms. Liu Zhe complied with relevant laws and regulations and relevant requirements of appointment qualification set out in the Articles of Association.
 - (3) Agreed to submit the resolution on nomination of Ms. Jin Chunyu and Mr. Fu Hongquan by the substantial shareholder as candidates for the election as non-executive Director of the eighth session of the Board of the Company, and the nomination of Ms. Liu Zhe by the nomination committee as candidates for the election as executive Directors of the eighth session of the Board of the Company to the 2014 AGM for approval.
2. The twelfth extraordinary meeting of the eighth session of the board was held on 23 October 2015, at which the nomination of Mr. Wang Jun, Mr. Chen Changge and Mr. Du Yuexi by the substantial shareholder as the executive Directors candidates of the eighth Board was considered and approved.

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

As the independent non-executive directors of the eighth Board, after reviewing relevant documents concerning the declaration and biographical details of the above mentioned candidates, Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong were of the opinion that:

- (1) The relevant procedures of the nomination of Mr. Wang Jun, Mr. Chen Changge and Mr. Du Yuexi by the substantial shareholder as the candidates of executive directors of the eighth board of directors of the Company were in compliance with the regulations of the Articles of Association of the Company.
- (2) Mr. Wang Jun, Mr. Chen Changge and Mr. Du Yuexi were in compliance with the requirements with respect to the qualifications of directors as stipulated in relevant laws and regulations of the state and the Articles of Association of the Company.
- (3) Consent was hereby given to the resolution on nomination of Mr. Wang Jun, Mr. Chen Changge and Mr. Du Yuexi by the substantial shareholder as the candidates of executive directors of the eighth board of directors of the Company, and present it to the first extraordinary general meeting of 2015 of the Company for consideration.

(4) Nomination and remuneration of senior management officer

1. At the twelfth extraordinary meeting of the eighth session of the board was held on 23 October 2015, the resolution on the appointment of Mr. Shi Fengwen as the chief engineer of the Company was considered and approved.
2. At the thirteenth extraordinary meeting of the eighth session of the board was held on 11 December 2015, the resolution on the appointment of Mr. Chen Changge as the General Manager of the Company was considered and approved.

As the independent non-executive directors of the eighth Board, after reviewing relevant documents, Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong were of the opinion that:

- (1) After reviewing the biographies, performance records and other relevant materials of Mr. Chen Changge as provided by the Company before the meeting, we are of the view that he is legally qualified for the senior management appointment.
- (2) The nomination process and the appointment approval process of Mr. Chen Changge are in compliance with relevant provisions of the Company Law and the Articles of Association of the Company. The senior management is engaged under legal nomination manner and appointment process.

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

(3) Based on our knowledge, we are of the view that Mr. Chen Changge has adequate academic background, professional experience and physical condition, will be able to meet the requirements of their respective duties in the Company, and will benefit the normal operation of the Company.

3. The remuneration of senior management disclosed by the Company is consistent with the remuneration the Company obtains; the release of remuneration complies with the remuneration system of the Company. There is no violation to the remuneration system of the Company or inconsistency of management system.

(5) Results forecast and preliminary results estimate

During the reporting period, the Company disclosed the annual results forecast for 2014, of which the illustration results were in timely manner, accurate and complete.

(6) Engagement or change of external auditors

The third meeting of the eighth session of the board was held on 17 March 2015, at which, as the independent non-executive directors of the eighth Board, 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 (《關於在上市公司建立獨立董事制度的指導意見》) and relevant requirements of the Articles of Association and Independent Director System of the Company, after reviewing relevant resolutions at the third meeting of the Eighth session of Board, Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong were of the opinion that:

1. The reappointment of the audit organization for the 2015 financial report of the Company

Shinewing Certified Public Accountants LLP is qualified to participate in securities related matters. During the auditing process of financial report over the past years, Shinewing Certified Public Accountants LLP can conduct the audit in accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and justice in the audit. It has smoothly completed the audit of the 2014 financial report of the Company and no violation of professional ethics among it and its staff or intention to affect the independent audit among it and its staff has been discovered. We agreed to re-appoint Shinewing Certified Public Accountants LLP as audit organization for the 2015 financial report of the Company, which includes financial statement of the Company and its subsidiaries within the scope of the consolidated statements and specific audit report on the use of capitals by controlling shareholder and other connected persons.

Having considered the scale of the Company and the workload of auditing, we were of the view that payment for the audit fee for 2014 to Shinewing Certified Public Accountants LLP was reasonable.

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

2. The reappointment of the audit organization for the 2015 internal control report of the Company

Shu Lun Pan Certified Public Accountants LLP is qualified to participate in securities related matters. During the auditing process of financial report over the past years, Shu Lun Pan Certified Public Accountants LLP can conduct the audit in accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and justice in the audit. It has smoothly completed the audit of the 2014 internal control report of the Company and no violation of professional ethics among it and its staff or intention to affect the independent audit among it and its staff has been discovered. We agreed to re-appoint Shu Lun Pan Certified Public Accountants LLP as audit organization for the 2015 internal control report of the Company, which includes giving effective audit opinion in respect of internal control of financial statement and disclosing major disadvantages of internal control of non-financial report.

Having considered the scale of the Company and the workload of auditing, we were of the view that payment for the audit fee for 2014 to Shu Lun Pan Certified Public Accountants LLP was reasonable.

(7) Material assets reorganisation of the Company

Due to the significant matter of the issue of shares in consideration of asset purchase, trading of the shares of the Company has been suspended since 29 June 2015 upon application by the Company. After discussion and negotiation among the parties concerned, the abovementioned matter might constitute a material assets organisation. According to the relevant regulations, the Company has entered into the material assets reorganisation procedures on 13 July 2015 upon application by the Company. During the period of suspension of trading, the Company has been actively carried out the relevant work such as due diligence, audit and valuation, communicated with Jingcheng Holding and the regulatory authorities, such as Beijing State-owned Assets Commission and released announcements in relation to the progress of material assets reorganisation at the interval of every five trading days.

The sixth meeting of the eighth session of the board of directors of the Company was held on 26 November 2015. Resolution in relation to the issue of shares and payment of cash to purchase assets and related fund raising and connected transaction proposal and other related resolutions were considered and approved, and were announced. Shares of the Company have resumed trading on 14 December 2015.

In order to ensure not to trigger the requirements of Takeovers Code in Hong Kong, at the sixteenth extraordinary meeting of the eighth session of the board which was held on 3 February 2016, the revised proposal and relevant resolutions were approved. Trading in the shares of the Company resumed on 4 February 2016.

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

(8) Commitments fulfilled by the Company and Shareholders

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

(9) Implementation of information disclosure

During 2015, the Company disclosed information on a truthful, accurate, timely and complete basis, in strict compliance with the requirements under relevant laws and regulations, including Security Laws, Rules Governing the Listing of Stocks in Hong Kong and PRC and the Administrative Measures for Disclosure of Information of Listed Companies and the Article of Association.

(10) Implementation of internal control

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

(11) Operations of the Board and its special committees

The Board has set up four special committees, namely the strategy committee, audit committee, nomination committee and remuneration and appraisal committee. Each of the committees actively works and performs the duties, which procure the conduction of all operating activities of the Company. In 2015, the Company held 3 strategy committee meetings of the Board, 6 audit committee meetings of the Board, 4 nomination committee meetings of the Board and 1 remuneration and appraisal committee meeting of the Board. As the special committees of the Board of the Company, we attend all the meetings to perform our duties, respectively, so that the operation of the committees was normalized.

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.

APPENDIX III REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2015

V. Overall comment and advice

During 2015, 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 2016, we will continue to perform our duties earnestly and follow the principle of prudence, diligence and honesty; constantly enhance our learning and professional standards, strengthen communication and decision-making ability of the Board; proactively perform our duties as Independent Non-executive Directors and effectively play our role in decision-making and supervision, so as to safeguard the Company and all shareholders, especially the legitimate interest of minority shareholders and enhance the robust development of the Company and help the Company to establish a good image of being honest and trustworthy.

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

16 June 2016

APPENDIX IV MANAGEMENT MEASURES ON THE EFFICIENCY ASSESSMENT OF SENIOR MANAGEMENT

Chapter 1 General provisions

Article 1 In order to further improve the incentive and restraint mechanism of the senior management (the “Senior Management”) of Beijing Jingcheng Machinery Electric Company Limited (the “Company”), achieve an organic integration of remuneration allocation, performance appraisal and the company results and shareholders’ value, These Measures have been formulated based on the Articles of Association and the relevant regulations of the state.

Article 2 These Measures apply to the senior management of the Company, including the general manager of the Company, the deputy general manager who is also serving as senior management of Tianhai Industrial, the deputy general manager who is not serving as the senior management of Tianhai Industrial etc. The secretary and vice secretary of the Party Committee, chairman of the labour union who have not been appointed with duties at the operational level but who actually perform duties at the operational level, or who have been included in the operational management level, as well other personnel that the Remuneration and Monitoring Committee considers that they should be treated according to these Measures, will be proposed by the Remuneration and Monitoring Committee in the annual remuneration allocation proposal, which can be executed according to these Measures after it is reported to the Board for consent and approval. The directors, supervisors who have not been appointed with duties at the operational level but who actually perform duties at the operational level, or who have been included in the operational management level will be proposed by the Remuneration and Monitoring Committee in the annual remuneration allocation proposal. After the proposal is reported to the Board and Supervisory Committee, and consent is obtained, it is submitted to the shareholders’ meeting for decision, after it is approved, it can be executed according to these Measures.

Article 3 The performance appraisal of senior management follows the following principles:

1. Principles of openness, fairness and justice;
2. Principles of strategic orientation and clear targets;
3. Principles of integration of quantitative management and qualitative management;
4. Principles of integration of appraisal results and process control.

Article 4 These Measures will be implemented from the date of their approval for a validity ending at the conclusion of 2016 annual general meeting.

Chapter 2 Composition and determination of salary

Article 5 A salary system is implemented for the senior management. The annual salary of the senior management of the Company comprises of four parts: the basic annual remuneration, quarterly performance remuneration, annual performance remuneration and special contribution income.

APPENDIX IV MANAGEMENT MEASURES ON THE EFFICIENCY ASSESSMENT OF SENIOR MANAGEMENT

Article 6 The amount of the basic annual remuneration is determined by the following formula:

$$\text{Basic annual remuneration} = \text{the annual basic salary} \times \text{position coefficient} \times 30\%$$

Among them, the annual basic salary is determined by the Remuneration and Monitoring Committee of the Company at the beginning of each year based on factors such as the remuneration level of the industry, the operating conditions and the first six months and the sum of remuneration of the Company etc. The determination of the position coefficient is based on the position assessment value. Normally the position coefficient of the general manager is 1, the position coefficient of the deputy general manager (who is also serving as senior management of Tianhai Industrial) is 0.5-0.9.

The basic annual remuneration will be paid in equal amounts every month, the monthly payment amount of the basic annual remuneration is determined by the following formula:

$$\text{Monthly payment amount} = \text{basic annual remuneration} \div 12$$

Article 7 The amount of the quarterly performance remuneration is determined by the following formula:

$$\text{Quarterly performance remuneration} = \text{annual basic salary} \div 4 \times \text{position coefficient} \times 20\% \times \text{quarterly appraisal coefficient}$$

Quarterly performance remuneration is released in average on a monthly basis and is determined by the following formula:

$$\text{Monthly remuneration} = \text{Quarterly performance remuneration} \div 3$$

Article 8 The amount of the annual performance remuneration is determined by the following formula:

$$\text{Annual performance remuneration} = \text{annual basic salary} \times \text{position coefficient} \times 50\% \times \text{appraisal coefficient}$$

The appraisal coefficient is determined by the results of the performance appraisal, and its correlation with the appraisal result is as follows:

1. If the appraisal result is A, the appraisal coefficient will be 1.5;
2. If the appraisal result is B, the appraisal coefficient will be 1.2;
3. If the appraisal result is C, the appraisal coefficient will be 1;
4. If the appraisal result is D, the appraisal coefficient will be 0.8;
5. If the appraisal result is E, the appraisal coefficient will be 0.5.

APPENDIX IV MANAGEMENT MEASURES ON THE EFFICIENCY ASSESSMENT OF SENIOR MANAGEMENT

6. If the appraisal result is F, the appraisal coefficient will be 0.

Article 9 When the senior management has made significant outstanding contribution to the implementation of the strategies of the Company or has obtained significant managerial innovation, technological innovation, or has obtained remarkable achievements in investment, or the Company has obtained special praises from the government or industry, an income for special contribution can be paid to the senior management. After the income for special contribution is reviewed by the Remuneration and Monitoring Committee of the Board, it is reported to the Board for review and approval, its amount should not exceed RMB100,000.

Chapter 3 Annual operational performance appraisal

Article 10 Organization structure of the senior management performance appraisal

1. The Board is the top decision-making organization of the remuneration and performance appraisal management of the senior management.
2. The Remuneration and Monitoring Committee of the Board is a task force group specially set up by the Board, which is mainly in charge of formulating the appraisal standards of the senior management of the Company. It is in charge of formulating, reviewing the remuneration policy and proposal of the senior management of the Company, it reports to the Board.

Article 11 The performance appraisal of the senior management is carried out basing on the performance contract, and the work flow for the determination of the performance contract is as follows:

1. The performance contract is determined once a year.
2. At the beginning of each year the Remuneration and Monitoring Committee collects the relevant data of the industry about the performance contract. Taking into account of such data and the operational plan and annual key tasks of the Company, the Committee selects suitable result indicators, and determines important elements such as the level and weightings of the indicators. It will then draft the contract and submit it to the Board for review and approval, upon which the contract will be finalised.
3. The Remuneration and Monitoring Committee signs the performance contracts with the senior management members at the end of March every year, and the chairman of the Company will be the offeror.
4. In principle, once a performance contract is signed, it will not be changed. If changes are needed due to substantial changes in the objective situations, the Remuneration and Monitoring Committee will express its opinion on the revision, and after it is reported to the Board and reviewed and finalised by the latter, it will be signed again.

APPENDIX IV MANAGEMENT MEASURES ON THE EFFICIENCY ASSESSMENT OF SENIOR MANAGEMENT

Article 12 The major indicators of the performance contract include the key performance indicators and operational management indicators.

1. Key performance indicator: It represents the completion status of the economic indicators of the value creation function undertaken by the senior management. The critical result indicator adopts the quantitative management method, and sets up the basic objectives and the weighting of that indicator in the overall critical result indicators.
2. Operational management indicator: Appraisal is carried out on work performance of the senior management in the areas of management, market exploration, execution, communication, coordination and organizational work, the operational management indicator adopts the qualitative management method. For the specific scoring methods of the critical result indicators and operational management indicators, please refer to the “Jingcheng Company Performance Contract of Senior Management”.

Article 13 At the beginning of a year, the Remuneration and Monitoring Committee arranges an appraisal of the completion status of all the indicators in the performance contract of the senior management for the last year, the appraisal results are reported to the Board for review and finalisation. If the person being assessed disputes strongly the appraisal of this round of performance appraisal, he can lodge a complaint to the Remuneration and Monitoring Committee of the Board. If he is not satisfied with his communication with the Remuneration and Evaluation Committee, he can submit the case to the Board for final judgment. After the Board has examined the facts involved in the complaint, it will make the final judgment.

Article 14 The final score of the performance contract equals to the sum of the score of each indicator multiplied by its weighting, which is:

$$\text{Final score} = \sum (\text{Score of an indicator} \times \text{weighting of that indicator})$$

Among them, the weightings of two types of indicators in different positions are specified in the performance contract. The final score is rounded to the nearest cent.

Article 15 The appraisal result of the performance contract is determined by the range of final score, its correlation is as follows:

1. A final score above 120 (inclusive) is extremely excellent, the appraisal result is A;
2. A final score between 100 (inclusive) and 120 is excellent, the appraisal result is B;
3. A final score between 90 (inclusive) and 100 is very good, the appraisal result is C;

APPENDIX IV MANAGEMENT MEASURES ON THE EFFICIENCY ASSESSMENT OF SENIOR MANAGEMENT

4. A final score between 75 (inclusive) and 90 is good, the appraisal result is D;
5. A final score between 60 (inclusive) and 75 is pass, the appraisal result is E;
6. A final score below 60 is poor, the appraisal result is F.

Chapter 4 Payment and management of the remuneration of the senior management

Article 16 The annual salary specified in these Measures is before tax, it is subject to personal income tax according to the law. The portion of housing provident fund and all kinds of social insurances of the senior management member which should be borne by the individual himself is deducted from his basic annual salary by the Company and paid on his behalf; the portion that should be borne by the Company should be paid for by the Company. The statutory social insurance, pension imposed by the state adopt the principle of residence, they are paid to the place of the “Hu Kou” concerned.

Article 17 The basic remuneration of the senior management is paid monthly in the form of basic salary.

Article 18 The quarterly performance remuneration is realized on a monthly basis according to the appraisal result, based on the principle of First-review-then-realize.

Article 19 The annual performance remuneration is realized by several times according to the appraisal result, based on the principle of First-review-then-realize. 75% of annual performance remuneration will be realized after annual review and 25% of annual performance remuneration will be realized when term of office expires.

Article 20 The income for special contribution of the senior management is paid in full as a lump sum by cash on a yearly basis after it is approved by the Board.

Chapter 5 Supplementary provisions

Article 21 For any senior management member serving two or more posts, the higher of the annual salary standards will be used.

Article 22 If there are changes in the duties of the senior management during the year, the annual salary standards will be re-determined by the Remuneration and Evaluation Committee, and executed starting from the following month after the re-assignment of duties.

Article 23 The Remuneration and Monitoring Committee is responsible for the interpretation of these Measures.



北京京城机电股份有限公司
Beijing Jingcheng Machinery Electric Company Limited
(a joint stock limited company established in the People's Republic of China)
(Stock Code: 0187)

NOTICE OF 2015 ANNUAL GENERAL MEETING

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

I. NOTICE IS HEREBY GIVEN that the 2015 annual general meeting of Beijing Jingcheng Machinery Electric Company Limited (the “Company”) will be convened as follows:

II. BASIC INFORMATION OF THE MEETING

1. Convener: the board of directors of the Company
2. Time: 16 June 2016 (Thursday) 9:30 a.m.
3. Venue: Conference Room, 23/F, Jingcheng Machinery Electric Building,
No. 59 Mansion, Dongsunhuan Road Central,
Chaoyang District, Beijing, PRC.
4. Share Record Date: 16 May 2016 (Monday)

III. RESOLUTIONS

Ordinary resolutions

1. To consider and approve the 2015 annual report of the Company;
2. To consider and approve the 2015 work report of the board of directors of the Company;
3. To consider and approve the 2015 work report of the supervisory committee of the Company;
4. To consider and approve the 2015 financial reports of the Company audited by the auditor;

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5. To consider and approve the 2015 internal control report of the Company audited by the auditor;
6. To consider and approve the 2015 work report of the independent non-executive directors of the Company;
7. To consider and approve re-appointment of SHINEWING Certified Public Accountants LLP as the auditor for the Company's 2016 financial report and to authorise the board of directors of the Company to sign a service contract with it and determine its remuneration;
8. To consider and approve re-appointment of Shu Lun Pan Certified Public Accountants LLP as the Company's internal control auditor for the Company's 2016 internal control report and to authorise the board of directors of the Company to sign a service contract with it and determine its remuneration;
9. To consider and approve the resolution of the Company not to distribute any profit for the year 2015;
10. To consider and approve the revised Administrative Measures on the Efficiency Assessment of Senior Management.

IV. ATTENDEES OF THE MEETING AND REGISTRATION

Directors, supervisors and senior management of the Company.

The lawyers engaged by the Company.

Other attendees

Shareholders of the Company whose names appear on the registers of shareholders of the Company at the close of business on 16 May 2016, shall have the right to attend the AGM after complying the necessary registration procedures.

Shareholders or proxies who intend to attend the AGM are requested to deliver the reply slip of attending to the Company before 26 May 2016. The reply slip may be delivered in person, by post or facsimile.

Holders of the Company's H shares should note that the register of members of the Company will be closed from 16 May 2016 to 16 June 2016 (both days inclusive), during which time no H Shares transfer will be registered. For holders of H Shares who intend to attend the AGM, transfer documents together with the related share certificates must be lodged with the share registrar of the Company no later than 4:30 p.m. of 15 May 2016. The address is Hong Kong Registrars Limited, Room 1712-1716, 17F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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Corporate Shareholder should attend the meeting by its legal representatives or the proxy appointed by the legal representative. Legal representative who attends the meeting should present his own identity card, evidence of shareholding and valid documents evidencing his capacity as a legal representative. While appointing proxy to attend the meeting, the proxy should present his identity card and an authorisation instrument affixed with the seal of the corporate Shareholder and duly signed by its legal representative and evidence of shareholding.

1. Each shareholder who is entitled to attend and vote at the AGM may appoint one or more proxy(ies) who need not be a shareholder of the Company, to attend and vote on his or her behalf at the AGM.
2. For shareholder who appoint(s) more than one proxy, his proxies can only exercise his voting right by way of poll.
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney authorised in writing. If that instrument is signed by an attorney on behalf of the appointer, the power of attorney authorising that attorney to sign, or other authority must be notarially certified. To be valid, the notarially certified copy of the power of attorney, or other authority together with the form of proxy must be delivered to the registered address of the Company not less than 24 hours before the time appointed for the holding of the AGM.

V. OTHER MATTERS

1. Contact details for the meeting

Contact telephone: 010-67365383

Fax: 010-87392058

Contact person: Board of directors office of the Company

Address: No. 2, Nam San Street, Huo County, Tongzhou District, Beijing,
the PRC

Posta Code: 101109

2. The AGM is expected to last for half a day. Attendees should bear their own accommodation and travel expenses.
3. Attendees of the AGM please arrive half hour before the meeting time and bring along the original identity cards, stock account cards as well as forms of proxy for verification.

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC, 29 April 2016



北京京城機電股份有限公司
Beijing Jingcheng Machinery Electric Company Limited
(a joint stock limited company established in the People's Republic of China)
(Stock Code: 0187)

SUPPLEMENTAL NOTICE OF THE 2015 ANNUAL GENERAL MEETING

The board of directors and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and are severally and jointly responsible for the authenticity, accuracy and completeness of the content herein.

I. BASIC INFORMATION OF THE ANNUAL GENERAL MEETING

1. Type and session of annual general meeting:

2015 Annual General Meeting (the "AGM")
2. Date of Annual General Meeting: 16 June 2016
3. Share Record Date

Class of Share	Stock Code	Stock Short Code	Share Record Date
A Shares	600860	京城股份	2016/5/16
H Shares	00187	JINGCHENG MAC	2016/5/16

II. EXPLANATION OF ADDITIONAL PROPOSED RESOLUTION

1. Proposer: Beijing Jingcheng Machinery Electric Holding Co., Ltd.
2. Explanation of the proposed resolution procedures

The Company has published the notice of annual general meeting on 29 April 2016. Beijing Jingcheng Machinery Electric Holding Co., Ltd., a shareholder holding 42.80% shares, separately or in aggregate, submitted the written additional proposed resolution to the board of directors of the Company (the "Board") on 25 May 2016. In accordance with the relevant regulations of the Rules of Shareholders' General Meeting of Listed Companies, the Board publishes this announcement.

SUPPLEMENTAL NOTICE OF AGM OF 2015

3. Details of the additional proposed resolution

To consider and approve the resolution in relation to the non-exercise of the right of first refusal by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company (“Tianhai Industrial”) to acquire the equity interests held by Beijing Bashi Media Co., Ltd. (“Beiba Media”) and Beijing Jingguofa Equity Investment Fund (limited partnership) (“Jingguofa”) in Beijing Minghui Tianhai Gas Storage and Transportation Equipment Trading Co., Ltd. (“Minghui Tianhai”) under the capital injection agreement dated 16 May 2014 entered into amongst Minghui Tianhai, Beiba Media, Jingguofa and Tianhai Industrial.

III. Save as the above additional proposed resolution, other details of the notice of the annual general meeting of published on 29 April 2016 (the “Notice”) have not been changed.

IV. INFORMATION OF THE ANNUAL GENERAL MEETING AFTER THE ADDITIONAL PROPOSED RESOLUTION

(1) Date, time and venue of the on-site meeting

The commencement time of the meeting: 9:30a.m. on 16 June 2016

Venue: Conference Room, 23/F, Jingcheng Machinery Electric Building, No. 59 Mansion, Dongsanhuan Road Central, Chaoyang District, Beijing

(2) A shares’ online voting system, voting date and time

A shares’ online voting system: the shareholders’ meeting online voting system by Shanghai Stock Exchange

A shares’ online voting time: From 16 June 2016 to 16 June 2016

The Company will adopt online voting system by Shanghai Stock Exchange to holders of A Shares of the Company: time for voting platform through Shanghai Stock Exchange trading system will be the trading hours of the date of the general meeting being held, e.g. 9:15-9:25, 9:30-11:30, 13:00-15:00; time for voting platform through internet will be 9:15-15:00 of the date of the annual general meeting being held.

Holders of the Company’s H shares should note that the register of members of the Company will be closed from 16 May 2016 to 16 June 2016 (both days inclusive), during which time no H Shares transfer will be registered. For holders of H Shares who intend to attend the AGM, transfer documents together with the related share certificates must be lodged with the share registrar of the Company no later than 4:30 p.m. of 13 May 2016. The address is Hong Kong Registrars Limited, Room 1712-1716, 17F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

SUPPLEMENTAL NOTICE OF AGM OF 2015

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 own identity card, evidence of shareholding and valid documents evidencing his capacity as a legal representative. While appointing proxy to attend the meeting, the proxy should present his identity card and an authorisation instrument affixed with the seal of the corporate shareholder and duly signed by its legal representative and evidence of shareholding.

1. Each shareholder who is entitled to attend and vote at the AGM may appoint one or more proxy(ies) who need not be a shareholder of the Company, to attend and vote on his or her behalf at the AGM.
2. For shareholder who appoint(s) more than one proxy, his proxies can only exercise his voting right by way of poll.
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney authorised in writing. If that instrument is signed by an attorney on behalf of the appointer, the power of attorney authorising that attorney to sign, or other authority must be notarially certified. To be valid, the notarially certified copy of the power of attorney, or other authority together with the form of proxy must be delivered to the registered address of the Company not less than 24 hours before the time appointed for the holding of the AGM.

(3) Share record date

The original record date of the annual general meeting has not been changed.

(4) Resolutions of the annual general meeting and type of voting shareholders

No.	Names of resolutions	Type of voting shareholders	
		A Shares shareholders	H Shares shareholders
Resolutions for non-cumulative voting			
1	To consider and approve the 2015 annual report of the Company	✓	✓
2	To consider and approve the 2015 work report of the board of directors of the Company	✓	✓
3	To consider and approve the 2015 work report of the supervisory committee of the Company	✓	✓
4	To consider and approve the 2015 financial reports of the Company audited by the auditor	✓	✓
5	To consider and approve the 2015 internal control report of the Company audited by the auditor	✓	✓
6	To consider and approve the 2015 work report of the independent non-executive directors of the Company	✓	✓

SUPPLEMENTAL NOTICE OF AGM OF 2015

No.	Names of resolutions	Type of voting shareholders	
		A Shares shareholders	H Shares shareholders
7	To consider and approve re-appointment of SHINEWING Certified Public Accountants LLP as the auditor for the Company's 2016 financial reports and to authorise the board of directors of the Company to sign a service contract with it and determine its remuneration	✓	✓
8	To consider and approve re-appointment of Shu Lun Pan Certified Public Accountants LLP as the Company's internal control auditor for the Company's 2016 internal control report and to authorise the board of directors of the Company to sign a service contract with it and determine its remuneration.	✓	✓
9	To consider and approve the resolution of the Company not to distribute any profit for the year 2015	✓	✓
10	To consider and approve the revised Management Measures on the Efficiency Assessment of Senior Management	✓	✓
11	To consider and approve the resolution in relation to the non-exercise of the right of first refusal by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company ("Tianhai Industrial") to acquire the equity interests held by Beijing Bashi Media Co., Ltd. ("Beiba Media") and Beijing Jingguofa Equity Investment Fund (limited partnership) ("Jingguofa") in Beijing Minghui Tianhai Gas Storage and Transportation Equipment Trading Co., Ltd. ("Minghui Tianhai") under the capital injection agreement dated 16 May 2014 entered into amongst Minghui Tianhai, Beiba Media, Jingguofa and Tianhai Industrial.	✓	✓

1. Disclosure time and media of resolutions

At the seventh meeting of the eighth session of the board of directors of the Company, the resolutions No. 1, 2 and 4 to 9 were considered and approved; at the eighth meeting of the eighth session of the board of directors of the Company, the resolution No. 10 was considered and approved; at the fifteenth extraordinary meeting of the eighth session of the board of directors of the Company, the resolution No. 11 was considered and approved; at the eighteenth meeting of the eighth session of the supervisory committee of the Company, the resolution No. 3 was considered and approved. The related announcements of the resolutions of the board of directors and supervisory

SUPPLEMENTAL NOTICE OF AGM OF 2015

committee were published on Shanghai Securities News, Securities Daily and the websites of Shanghai Stock Exchange (www.sse.com.cn) and HKExnews of Hong Kong Stock Exchange (www.hkexnews.hk).

2. Special resolution: No
3. Resolution for separate counting of small and medium investors: No. 11
4. Resolution involved connected shareholders avoiding voting: No 11

Name of connected shareholders who abstain from voting: Beijing Jingcheng Machinery Electric Holding Co., Ltd.

5. Resolution involved holders of preferred shares voting: No

The board of directors of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC, 25 May 2016

Note:

The form of proxy which relates to the resolutions set out in the notice of AGM (the "Original Proxy Form") does not include the new resolution No.11 set out in this supplemental notice. Accordingly, a revised form of proxy (the "Revised Proxy Form") is prepared by the Company and is enclosed herewith.

To be valid, the Revised Proxy Form and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, a notarially certified copy of such power of attorney or other authority, must be delivered to the address of the Company at No. 2 Nam San Street, Huo County, Tongzhou District, Beijing, not less than 24 hours before the time appointed for the commencement of the AGM.

For shareholders who have lodged the Original Proxy Form to the Company, please be reminded that:

- (a) Where a shareholder has not returned the Revised Proxy Form to the share registrar of the Company, the Original Proxy Form (if completed correctly) shall be deemed a valid form of proxy returned by such shareholder. The proxy appointed by the shareholder in such manner shall be entitled to vote or abstain from voting at his/her discretion on any resolutions properly and duly put to the AGM other than those instructed in the Original Proxy Form, including the new resolution No.11 set out in this supplemental notice.
- (b) Where a shareholder has returned the Revised Proxy Form to the Company 24 hours before the time scheduled for holding the AGM, the Original Proxy Form returned shall be revoked and substituted by the Revised Proxy Form and the Revised Proxy Form (if completed correctly) shall be deemed a valid form of proxy returned by such shareholder.
- (c) Where a shareholder has returned the Revised Proxy Form to the Company less than 24 hours before the time scheduled for holding the AGM, the Revised Proxy Form shall be deemed invalid and the Original Proxy Form returned by such shareholder shall also be revoked. The votes of the proxy purported to be appointed by the invalid or revoked proxy form (whether the Original Proxy Form or the Revised Proxy Form) will not be counted in the votes in respect of the resolutions proposed. Accordingly, shareholders are advised not to return the Revised Proxy Form after the deadline. In the event that such shareholder wishes to vote at the meeting, he/she shall attend and vote at the meeting in person.