
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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北京京城機電股份有限公司

Beijing Jingcheng Machinery Electric Company Limited

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

(Stock Code: 0187)

**THE FULL TEXT AND THE SUMMARY OF ANNUAL REPORT FOR A SHARES AND
ANNUAL REPORT FOR H SHARES FOR 2018
2018 WORK REPORT OF THE BOARD OF DIRECTORS
2018 WORK REPORT OF THE SUPERVISORY COMMITTEE
2018 AUDITED FINANCIAL REPORTS
THE INTERNAL CONTROL AUDIT REPORT IN THE FINANCIAL REPORT
FOR THE YEAR 2018
2018 WORK REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS
THE RESOLUTION OF NOT TO DISTRIBUTE ANY PROFIT
FOR THE YEAR 2018
RE-APPOINTMENT OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS LLP
AS THE AUDITOR FOR 2019 FINANCIAL REPORTS
RE-APPOINTMENT OF DA HUA CERTIFIED PUBLIC ACCOUNTANTS
(SPECIAL GENERAL PARTNERSHIP)
AS THE INTERNAL CONTROL AUDITOR FOR 2019 INTERNAL CONTROL REPORT
TO APPROVE THE RESOLUTION IN RELATION TO THE AMENDMENT TO
THE ARTICLES OF ASSOCIATION
TO APPROVE THE RESOLUTION IN RELATION TO GRANT OF GENERAL MANDATE
TO THE BOARD OF DIRECTORS TO ISSUE H SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

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

A notice convening the 2018 annual general meeting ("AGM") of Beijing Jingcheng Machinery Electric Company Limited (the "Company") to be held at the Conference Room, No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, PRC, on 21 June 2019 (Friday) at 9:30 a.m. are set out on pages 30 to 33 of this circular.

Whether or not you intend to attend the AGM, you are requested to complete the form of proxy despatched on 6 May 2019 in accordance with the instructions printed thereon and return it as soon as possible and in any event not later than 24 hours before the time appointed for the convention of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

22 May 2019

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened on 21 June 2019 (Friday) at 9:30 a.m. at the Conference Room, No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, PRC
“Articles of Association”	the articles of association of the Company as amended from time to time
“A Share(s)”	domestic ordinary Share(s) with a par value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in RMB
“Board”	the board of Directors
“Company”	北京京城機電股份有限公司 (Beijing Jingcheng Machinery Electric Company Limited), a joint stock company incorporated in the PRC with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the Directors of the Company
“General Mandate”	the general mandate proposed to be granted to the Board at the AGM for the purpose of, among others, issuing and dealing with the new H Shares of which the number shall be no more than 20% of the number of H Shares in issue as at the date of the passing of the proposed special resolution at the AGM
“H Share(s)”	the overseas foreign listed Shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange, subscribed for and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Jingcheng Machinery Electric”	北京京城機電控股有限責任公司 (Beijing Jingcheng Machinery Electric Holding Co., Ltd.), a company incorporated in the PRC and holding 43.30% interest in the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Share(s) of the Company, including A Shares and H Shares, unless otherwise specified
“Shareholders”	the Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shanghai Stock Exchange”	Shanghai Stock Exchange
“Supervisors”	the supervisors of the Company
“%”	Percent

LETTER FROM THE BOARD



北京京城機電股份有限公司

Beijing Jingcheng Machinery Electric Company Limited

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

(Stock Code: 0187)

Executive Directors:

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

Non-executive Directors:

Ms. Jin Chunyu
Mr. Du Yuexi
Mr. Xia Zhonghua
Ms. Li Chunzhi

Independent non-executive Directors:

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

Registered office:

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

22 May 2019

To the Shareholders

Dear Sir or Madam,

**THE FULL TEXT AND THE SUMMARY OF ANNUAL REPORT FOR A SHARES AND
ANNUAL REPORT FOR H SHARES FOR 2018
2018 WORK REPORT OF THE BOARD OF DIRECTORS
2018 WORK REPORT OF THE SUPERVISORY COMMITTEE
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RE-APPOINTMENT OF SHINEWING CERTIFIED PUBLIC ACCOUNTANTS LLP
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AS THE INTERNAL CONTROL AUDITOR FOR 2019 INTERNAL CONTROL REPORT
TO APPROVE THE RESOLUTION IN RELATION TO THE AMENDMENT TO
THE ARTICLES OF ASSOCIATION
TO APPROVE THE RESOLUTION IN RELATION TO GRANT OF GENERAL MANDATE
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AND
NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with the notice of the 2018 AGM and to provide you with reasonable and necessary information.

At the AGM of 2018, the ordinary resolutions will be proposed to consider and approve (1) the full text and the summary of Annual Report for A shares and Annual Report for H shares for 2018; (2) 2018 Work Report of the Board; (3) 2018 Work Report of the Supervisory Committee; (4) 2018 audited financial reports; (5) the internal control audit report in the financial report for the year 2018; (6) 2018 Work Report of the independent non-executive Directors; (7) the resolution of not to distribute any profit for the year 2018; (8) re-appointment of SHINEWING Certified Public Accountants LLP as the auditor for 2019 financial reports and to propose at the general meeting to authorise the Board to sign an appointment agreement with it and determine its remuneration; (9) re-appointment of Da Hua Certified Public Accountants (Special General Partnership) as the internal control auditor for 2019 internal control report and to propose at the general meeting to authorise the Board to sign an appointment agreement with it and determine its remuneration.

And the following special resolutions will be proposed to consider and approve (10) the resolution in relation to the amendment to the Articles of Association; (11) the resolution in relation to grant of general mandate to the Board to issue H shares.

The full text and the summary of Annual Report for A shares and Annual Report for H shares for 2018, 2018 Work Report of the Board of Directors, 2018 audited financial reports, the internal control audit report in the financial report for the year 2018 and the resolution of not to distribute any profit for the year 2018

For details, please refer to the 2018 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.

2018 Work Report of the Supervisory Committee

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

Report of the Independent Non-executive Directors for the year 2018

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

Re-appointment of Auditor for 2019 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 2019, and to authorise the Board to enter into an agreement with it and determine its remuneration.

LETTER FROM THE BOARD

Re-appointment of Auditor for 2019 Internal Control Report

The Board proposes that the Company to re-appoint Da Hua Certified Public Accountants (Special General Partnership) as its auditor for preparing the internal control report of the Company for the year 2019, and to authorise the Board to enter into an agreement with it and determine its remuneration.

2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to further optimize the governance structure of the Company, fully implement the spirit of the Party Building Work Conference of National State-owned Enterprises and General Secretary Xi Jinping's important speech, improve the Company's corporate governance under the centralized leadership of the Party, construct a modern state-owned corporate system with Chinese Characteristics as well as clarify the statutory status of the Party in the corporate governance structure of the Company, after taking into account the actual situation of the Company and in accordance with the requirements of the "Company Law" of the PRC and the "Notice of Accelerating the Inclusion of General Provisions into the Articles of Association of Central Level State-Owned Enterprises for Party Building" (Guo Zi Dang Wei Dang Jian [2017] No. 1) (《關於加快推進中央企業黨建工作總體要求納入公司章程有關事項的通知》(國資委黨建(2017)1號)) and the Listing Rules, the resolution in relation to the amendments to the Articles of Association of the Company was considered and approved at the seventh meeting of the ninth session of the Board, and shall be submitted to the AGM for Shareholders' approval. The proposed amendments to the Articles of Association are set out in Appendix III to this circular.

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

3. THE RESOLUTION IN RELATION TO GRANT OF GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES

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

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

LETTER FROM THE BOARD

the whole or part of a dividend), any share option scheme, Rights Issue (as defined below) or separate approval of the Shareholders) shall not exceed 20% of the aggregate number of H Shares in issue as at the date of passing of the resolution at the AGM;

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

and, for the purposes of this resolution:

“Relevant Period”

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

“Rights Issue”

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

4. THE AGM

A notice convening the AGM to be held on 21 June 2018 (Friday) at 9:30 a.m. is set out on pages 30 to 33 of this circular which has been disclosed on 6 May 2019. Whether or not you are able to attend the AGM, you are requested to complete and return the form of proxy which has been despatched on 6 May 2019 in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof. In order to be valid, the form of proxy should be returned to the business address of the Company at No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing or the Company’s H share registrar, Computershare Hong Kong Investors Services Limited, at Shop 1712-1716, 17

LETTER FROM THE BOARD

Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the commencement of the AGM or any adjournment thereof. Completion and return of the said form of proxy will not prevent you from attending and voting in person at the AGM or at any adjournment thereof if you so wish.

Reply slip for the AGM has also been disclosed on 6 May 2019. You have been reminded to complete and sign the reply slip and return the signed slip to the Company at No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing or the Company's H share registrar, Computershare Hong Kong Investors Services Limited, at Shop 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 31 May 2019 in accordance with the instructions printed thereon.

5. 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.

6. ADDITIONAL INFORMATION

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

7. RECOMMENDATION

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

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

During 2018, 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 11 meetings and attended the 2017 AGM, the first extraordinary general meeting of 2018 and all the Board meetings. The Supervisory Committee earnestly heard the Company's position on production and operation, investment activities and financial control, participated in the decision-making process for material events of the Company, reviewed the Company's periodic report and supervised the operation of the Company as well as the performance of duty by the Company's Directors and senior management officers, which enhanced the Company's the standard operation level and practically protected the Company's and Shareholders' legal interests. 2018 Work Report of the Supervisory Committee is set out below:

I. Work of the Supervisory Committee in 2018

Supervisory Committee of the Company establishes a sound meeting and working system, which can be implemented strictly. Supervisory Committee convened 11 meetings in 2018, details of which are set out below:

- (I) The Sixth Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 26 March 2018. Major details of the meeting are as follows:
1. The work report of the Supervisory Committee for 2017 was considered and approved, and submitted to the 2017 AGM for consideration;
 2. The 2017 annual report of the Company and its summary and the H Shares results announcement was considered and approved;
 3. The 2017 audited financial report of the Company was considered and approved;
 4. The 2017 assessment report on the Company's internal control was considered and approved;
 5. The 2017 internal control audit report of the financial report of the Company was considered and approved;
 6. The 2017 social responsibility report of the Company was considered and approved;
 7. The proposal of the Company not to distribute profit for 2017 was considered and approved;
 8. The resolution of provision for impairment for the year 2017 of the Company was considered and approved;

9. The resolution of the changes in accounting policies of the Company was considered and approved;
 10. The resolution on the Company's application for cancellation of the delisting risk warning to the Shanghai Stock Exchange was considered and approved.
- (II) The Seventh Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 26 April 2018. Major details of the meeting are as follows:
1. The 2018 first quarterly report of the Company was considered and approved;
 2. The resolution of the amendment to the Articles of Association of the Company was considered and approved;
 3. The resolution in relation to the provision of bridging loan of RMB45 million (Renminbi Forty five 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.
- (III) The Eighth Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 11 May 2018. Major details of the meeting are as follows:
1. The resolution in relation to the provision of bridging loan of not exceeding RMB45 million (Renminbi Forty five 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;
 2. The resolution in relation to the early dissolution and liquidation of Langfang Tianhai High Pressure Containers Co., Ltd., was considered and approved.
- (IV) The Ninth Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 9 August 2018. Major details of the meeting are as follows:
1. The 2018 A Shares interim report of the Company and its summary and the H Shares results announcement was considered and approved;
 2. The resolution of provision for impairment for the half year of 2018 of the Company was considered and approved.

The Supervisory Committee of the Company had carefully reviewed the first quarterly report prepared by the Board according to relevant requirements of China Securities Regulatory Commission. All Supervisors attended the meeting 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 and all stipulations of the Company's internal control system;
 - (2) The content and format of the first quarterly report are in compliance with the regulations of the 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 first quarter;
 - (3) Before arriving at this opinion, no person participating in preparation and consideration of the first 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 first quarterly report is on schedule.
- (V) The Tenth Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 21 August 2018. Major details of the meeting are as follows:

The Supervisory Committee considered and approved the resolution on the establishment of Beijing Jingcheng Haitong Technology Culture Development Co., Ltd. (tentative name) by Beijing Tianhai Industry Co., Ltd. and the Jingcheng Haitong technology innovation industrial park development project. For details please refer to the announcement on the establishment of Beijing Jingcheng Haitong Technology Culture Development Co., Ltd. (tentative name) by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, and the Jingcheng Haitong technology innovation industrial park development project (Announcement No. Lin 2018-025).

- (VI) The Eleventh Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 29 August 2018. Major details of the meeting are as follows:

The resolution on the proposed acquisition of 10.91% equity interest in Beijing Bolken Energy Technology Inc. by external investment in cash by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, was considered and approved.

For details please refer to the indicative announcement on the proposed acquisition of equity interest by external investment in cash by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company (Announcement No. Lin 2018-028).

- (VII) The Twelfth Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 31 August 2018. Major details of the meeting are as follows:

The resolution in relation to the provision of loan of RMB20 million (Renminbi Twenty 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 at the meeting. For details please refer to the announcement on the financial assistance provided by the controlling shareholder of the Company to the Company's subsidiary Beijing Tianhai Industry Co., Ltd (Announcement No. Lin 2018-031).

- (VIII) The Thirteenth Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 4 September 2018. Major details of the meeting are as follows:

The resolution on the proposed lease of a parcel of land and the plant erected thereon at 9 Tianying North Road, Chaoyang District by Beijing Tianhai Industry Co., Ltd., was considered and approved at the meeting. For details please refer to the announcement on the entering into material lease agreement by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company (Announcement No. Lin 2018-034).

- (IX) The Fourteenth Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 29 October 2018. Major details of the meeting are as follows:

1. The 2018 third quarterly report of the Company was considered and approved.

The Supervisory Committee of the Company had carefully reviewed the third quarterly report prepared by the Board according to relevant requirements of China Securities Regulatory Commission. All Supervisors attended the meeting unanimously considered that:

- (1) The preparation of and the procedures for considering the third quarterly report are in compliance with the laws, regulations, provisions of the Articles of Association and all stipulations of the Company's internal control system;

- (2) The content and format of the third quarterly report are in compliance with the regulations of the 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 third quarter;
 - (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 of loan of RMB25 million (Renminbi Twenty five million) to Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, by Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company, was considered and approved. For details please refer to the announcement on the financial assistance provided by the controlling shareholder of the Company to the Company's subsidiary Beijing Tianhai Industry Co., Ltd (Announcement No. Lin 2018-041).

In order to support the development of the Company, Beijing Jingcheng Machinery Electric Holding Co., Ltd. (hereinafter referred to as "Jingcheng Machinery Electric"), the controlling shareholder of the Company, provided a loan of RMB25 million (Renminbi Twenty five million) to Beijing Tianhai Industry Co., Ltd. (hereinafter referred to as "Beijing Tianhai"), a subsidiary of the Company, for a term of one year. The loan bears interests at the benchmark one-year lending interest rate determined by the People's Bank of China. The Company does not provide corresponding security or guarantee over such financial assistance.

As Jingcheng Machinery Electric is the controlling shareholder of the Company, and it is a connected party of the Company according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, such matter constitutes a connected transaction. According to the requirements of the Guidelines on the Shanghai Stock Exchange for the Listed Companies' Postponement of and Exemption from Information Disclosure, such financial assistance is not required to apply for approval from the Shanghai Stock Exchange and meet the self-exemption conditions that the matter can be considered and disclosed by way of exempted connected transaction.

3. The resolution in relation to loan secured by properties and land of Tianjin Tianhai High Pressure Co., Ltd., an indirect subsidiary of the Company, was considered and approved.

4. The resolution in relation to the provision of security guarantee by Beijing Minghui Tianhai Gas Storage and Transportation Equipment Sales Co., Ltd., a subsidiary of the Company, with its housing and land resources in favor of Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, in its application for credit line from Bank of Beijing, was considered and approved.

- (X) The Fifteenth Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 31 October 2018. Major details of the meeting are as follows:

The resolution in relation to the provision of loan of RMB70 million (Renminbi Seventy 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.

- (XI) The Sixteenth Meeting of the Ninth Supervisory Committee was held at the Conference Room of the Company on 25 December 2018. Major details of the meeting are as follows:

The resolution relating to the pre-listing of transferring 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by the Company through its subsidiary Beijing Tianhai Industry Co., Ltd. was considered and approved.

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 and other relevant laws and regulations. The material decisions of the Company were scientific and reasonable and the procedures of decision were lawful and effective. Meanwhile, the Company has established and improved its internal management and control system. Directors and General Manager of the Company were able to carry out their duties earnestly. There had been no violation of the laws, regulations, the Articles of Association or behavior in detrimental to the interests of the Company.

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

The Supervisory Committee considers that the 2018 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 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 2018 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

During the reporting period, the resolution on the proposed acquisition of 10.91% equity interest in Beijing Bolken Energy Technology Inc. by external investment in cash by Beijing Tianhai Industry Co., Ltd., a subsidiary of the Company, was considered and approved.

The above transaction price complied with normal commercial market pricing principle. The transactions are fair and reasonable and in the interest of the Company and the shareholders as a whole and without prejudice to the interests of the Company and other shareholders, especially minority shareholders and non-connected shareholders.

During the reporting period, the resolution relating to the pre-listing of transferring 51% equity interests in Shandong Tianhai High Pressure Containers Co., Ltd. held by the Company through its subsidiary Beijing Tianhai Industry Co., Ltd. was considered and approved.

The decision-making procedures of the above listing complied with the relevant requirements of the relevant laws, regulations and Articles of Association without harming the interests of the Company and shareholders, especially minority shareholders.

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

During the reporting period, there was no new occurrence of connected transactions of the Company.

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 2018 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 11 Board of Directors' meetings and all Shareholders' general meeting in the year of 2018, and during the meetings exercised supervision over whether the resolutions of the Board complied with the laws, regulations of the PRC and the 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 2019

In 2019, 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 2019, 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 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

Miao Junhong

Chairman of the Supervisory Committee

25 March 2019

During our tenure as Independent Non-executive Directors of Beijing Jingcheng Machinery Electric Company Limited (the “Company”), we strictly complied with laws and regulations such as the Securities Law, the Company Law, the Rules for Corporate Governance of Listed Companies and Guidance on the Establishment of Independent Directors System by Listed Companies, as well as the Articles of Association and the work system for Independent Directors. We sincerely performed our responsibilities and duties diligently and conscientiously adhering to the principle of independence, objectivity and fairness, grasped the production and management condition of the Company timely, paid close attention to the comprehensive development of the Company, proactively attended relevant meetings, carefully considered the 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 2018 as follows:

I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS

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

Wu Yan, Chinese, female, aged 71, 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 served as an Independent Non-executive Director of the 8th session of the Board of the Company from June 2014 to June 2017. She served as an Independent Non-executive Director of the 9th session of the Board of the Company from June 2017.

Liu Ning, Chinese, male, aged 60, 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 has been practicing as a lawyer for over twenty 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 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 served as an Independent Non-executive Director of the 8th session of the Board of the Company from June 2014 to June 2017. He served as an Independent Non-executive Director of the 9th session of the Board of the Company from June 2017.

Yang Xiaohui, Chinese, male, aged 51, 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 served as an Independent Non-executive Director of the 8th session of the Board of the Company from June 2014 to June 2017. He served as an Independent Non-executive Director of the 9th session of the Board of the Company from June 2017.

Fan Yong, Chinese, male, aged 46, 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). He served as an Independent Non-executive Director of the 8th session of the Board of the Company from June 2014 to June 2017. He served as an Independent Non-executive Director of the 9th session of the Board of the Company from June 2017.

(2) Positions held in the Board committees

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

1. Members of the Strategic Committee: Wu Yan;

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

(3) Statement on whether the independence is affected

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 2018, as the Independent Non-executive Directors of the Company, we earnestly executed our powers, performed our duties according to laws and regulations, put our role as Independent Non-executive Directors into full play, and properly ensured the standardized operations of the Company and protected the interests of Shareholders as a whole, without allowing any issue to affect our independence.

II. ATTENDANCE OF MEETINGS

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

In 2018, the Company held 2 general meeting and 11 Board meetings (in which: 7 meetings were held on-site and 4 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	11	7	4	0	0	No	2
Liu Ning	Yes	11	7	4	0	0	No	1
Yang Xiaohui	Yes	11	7	4	0	0	No	2
Fan Yong	Yes	11	7	4	0	0	No	1

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

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

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

In 2018, we continue to pay attention to the operating results of the Company and the implementation of the resolutions of the shareholders' meetings and Board meetings, the completeness and authenticity of information disclosure, the nomination and remuneration of senior management members; possible matters that may cause significant impact or loss that harm the interests of minority Shareholders. There are mainly the following aspects:

(1) Connected Transactions:

There was no connected transaction of the Company.

(2) External guarantee and misappropriation of capital

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

(3) Mortgage loan

There was no mortgage loan of the Company.

(4) Disposal of assets

There was no disposal of assets of the Company.

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

There was no nomination of Directors and senior management officer of the Company.

On 26 March 2018, the third meeting of the ninth session of the Board of the Company considered and approved the resolution on the formulation of the Measures for the Administration of Remuneration and Performance Assessment for the Senior Management of the Company; and the resolution on the result of remuneration and performance assessment for the senior management of the Company in 2017. We agreed after reviewing the above resolutions.

(6) Results forecast and preliminary results estimate

During the reporting period, the Company disclosed the annual results forecast for 2017, of which the illustration results were in timely manner, accurate and complete.

(7) Engagement or change of external auditors

1. On 26 March 2018, we, being the Independent Directors of the Company, have completed a prior review of the connected transaction proposed by the Company to the third meeting of the ninth session of the Board for approval, and express our opinion for approval as follow:

- I. The appointment of the audit organization for the 2018 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 2017 financial report of the Company and no violation of professional ethics among it and its staff or intention to affect the independent audit among it and its staff has been discovered. We agreed to propose the re-appointment of SHINEWING Certified Public Accountants LLP as audit organization for the 2018 financial report of the Company to the Board for consideration and approval.

Having considered the scale of the Company and the workload of auditing, we were of the view that payment for the audit fee for 2017 to SHINEWING Certified Public Accountants LLP was reasonable.

II. The appointment of the audit organization for the 2018 internal control report of the Company

Da Hua Certified Public Accountants (Special General Partnership) is qualified to participate in securities related matters. During the auditing process of financial report over the past years, Da Hua Certified Public Accountants (Special General Partnership) can conduct the audit in accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and justice in the audit. It has smoothly completed the audit of the 2017 internal control report of the Company and no violation of professional ethics among it and its staff or intention to affect the independent audit among it and its staff has been discovered. We agreed to propose the reappointment of Da Hua Certified Public Accountants (Special General Partnership) as audit organization for the 2018 internal control report of the Company to the Board for consideration and approval.

Having considered the scale of the Company and the workload of auditing, we were of the view that payment for the audit fee for 2017 to Da Hua Certified Public Accountants (Special General Partnership) was reasonable.

2. On 26 March 2018, as the Independent Non-executive Directors of the Company, according to relevant laws and regulations including Standards for the Governance of Listed Companies and the Guidance on Establishment of Independent Directors System by Listed Companies and relevant requirements of the Articles of Association and Independent Director System of the Company, after reviewing relevant resolutions at the third meeting of the ninth session of Board, in respect of certain Board resolutions, we were of the opinion that:

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

I. The re-appointment of the audit organization for the 2018 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 2017 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 2018 financial report of the Company, which includes financial statement of the Company and its subsidiaries within the scope of the consolidated statements and specific audit report for the year 2018 on the use of capitals by controlling Shareholder and other connected persons.

II. The re-appointment of the audit organization for the 2018 internal control report of the Company

Da Hua Certified Public Accountants (Special General Partnership) is qualified to participate in securities related matters. During the auditing process of internal control report over the past years, Da Hua Certified Public Accountants (Special General Partnership) can conduct the audit in accordance with the Independent Auditing Standards and strictly followed the professional conduct standards of independence, fairness and justice in the audit. It has smoothly completed the audit of the 2017 internal control report of the Company and no violation of professional ethics among it and its staff or intention to affect the independent audit among it and its staff has been discovered. We agreed to re-appoint Da Hua Certified Public Accountants (Special General Partnership) as audit organization for the 2018 internal control report of the Company, which includes giving effective audit opinion in respect of internal control of financial statement and disclosing major disadvantages of internal control of non-financial report.

(8) Commitments fulfilled by the Company and Shareholders

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

(9) Implementation of information disclosure

During 2018, the Company disclosed information on a truthful, accurate, timely and complete basis, in strict compliance with the requirements under relevant laws and regulations, including Security Laws, Rules Governing the Listing of Stocks in Hong Kong and the PRC and the Administrative Measures for Disclosure of Information of Listed Companies and the Articles of Association.

(10) Implementation of internal control

The Company has established a relatively comprehensive internal control system which is in compliance with the requirements of 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 true, legal, complete, ensure to disclose the information in a true, accurate, complete and timely manner, ensure to be fair, open, justiciable to all investors and ensure the protect the interests of the Company and the investors.

(11) Operations of the Board and its special committees

The Board has set up four special committees, namely the 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 2018, the Company held 4 strategy committee meetings of the Board, 9 audit committee meetings of the Board, 3 nomination committee meetings of the Board and 2 remuneration and appraisal committee meetings 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.

V. OVERALL COMMENT AND ADVICE

During 2018, 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 2019, 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

25 March 2019

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The comparison table of amendments to the Articles of Association is as follows:

No.	Original text of the Articles of Association	Proposed amendments to the Articles of Association
1	<p>Article 2</p> <p>These Articles of Association are formulated in accordance with the <i>Company Law, Securities Law of the People's Republic of China (the "Securities Law")</i>, <i>Special Regulations and Mandatory Provisions for Articles of Associations of Companies Listed Overseas</i> (the "Mandatory Provisions") and other relevant regulations to safeguard the legal interests of the Company, its shareholders and creditors, and to regulate the organizations and activities of the Company.</p>	<p>Article 2</p> <p>These Articles of Association are formulated in accordance with the <i>Company Law, Securities Law of the People's Republic of China (the "Securities Law")</i>, <i>"Constitution of the Communist Party of China" (the "Constitution")</i>, <i>Special Regulations and Mandatory Provisions for Articles of Associations of Companies Listed Overseas</i> (the "Mandatory Provisions") and other relevant regulations to safeguard the legal interests of the Company, its shareholders and creditors, and to regulate the organizations and activities of the Company.</p>
2	<p>Article 10</p> <p>The Company's Articles of Association are binding upon the Company and its shareholders, directors, supervisors, managers and other senior officers, the fore-mentioned may, according to the Company's Articles of Association, assert rights in respect of the affairs of the Company.</p> <p>...</p>	<p>Article 10</p> <p>The Company's Articles of Association are binding upon the Company and its shareholders, members of the Party Committee (Discipline Inspection Commission), directors, supervisors, managers and other senior officers, the fore-mentioned may, according to the Company's Articles of Association, assert rights in respect of the affairs of the Company.</p> <p>...</p>
3	Not Applicable	<p><i>Add the "Party Committee" in Chapter 11 of the Articles of Association, and the subsequent chapter numbers will be renumbered accordingly.</i></p>

No.	Original text of the Articles of Association	Proposed amendments to the Articles of Association
		<p><i>The specific contents of the “Party Committee” in Chapter 11 of the Articles of Association are set out below:</i></p> <p>Article 142</p> <p>According to requirements of the Constitution, the Company shall establish an organization under the Communist Party of China. The Party organization will play a core leadership and core political role, managing the general situation and ensuring the implementation. The Company shall establish the related working organs of the Party which shall be equipped with sufficient staff to provide the necessary conditions for the activities carried out by the Party Organization.</p> <p>The Company established the Committee of the Communist Party of the PRC of Beijing Jingcheng Machinery Electric Company Limited (hereinafter referred to as the “Party Committee of the Company”) and the Discipline Inspection Commission of the Communist Party of the PRC of Beijing Jingcheng Machinery Electric Company Limited Disciplinary Inspection Committee (hereinafter referred to as the “Discipline Inspection Commission of the Company”). According to the laws and regulations of the PRC, the laws of the venues of listing or the relevant provisions of the stock exchanges, eligible members of the Party Committee of the Company may take seats in the board of directors, the supervisory committee and the senior management through statutory procedures, while eligible members of the board of directors, the supervisory committee and the senior management may take seats in the Party Committee of the Company in accordance with relevant rules and procedures.</p>

No.	Original text of the Articles of Association	Proposed amendments to the Articles of Association
		<p>Article 143</p> <p>The Party Committee of the Company shall perform the following duties in accordance with the internal regulations included in the Constitution.</p> <p>(1) Guarantee and supervise the implementation of policies and guidelines of the Party and the State and key strategic deployment of higher-level Party organizations in the Company.</p> <p>(2) Insist on the integration of the principle that the Party manages the officials with the function of the Board in the lawful selection of the management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the management. During the election or appointment of senior management of the Company, the members of the Party Committee of the Company shall carefully consider, conduct investigations on the candidates to be appointed and collective research to raise opinions and suggestions.</p> <p>(3) Study and discuss reform, development and stability of the Company, material operation and management issues and material issues concerning employees' immediate interests, and propose opinions and suggestions thereon.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

No.	Original text of the Articles of Association	Proposed amendments to the Articles of Association
		(4) Assume the primary responsibility to run the Party comprehensively with strict disciplines, lead the Company's ideological and political work, the United Front work, the cultural and ethical progress, corporate culture cultivation as well as the work of groups such as the Labor Union of the Company and the Communist Youth League, lead the construction of the Party's working style and its clean and honest administration, and support the Discipline Inspection Commission in earnestly performing its supervisory responsibilities.
4	<p>Article 142</p> <p>The board of directors is established to consist of 11 directors, 4 of which are independent non-executive directors. The board shall have 1 chairman and 1 vice-chairman.</p>	<p>Article 144</p> <p>The board of directors is established to consist of 11 directors, 4 of which are independent non-executive directors. The board shall have 1 chairman.</p>
5	<p>Article 143</p> <p>...</p> <p>The chairman and the vice-chairman shall be elected and removed by more than one half of all the members of the board of directors. The term of office for the chairman and the vice-chairman is three years, which is renewable upon re-election.</p> <p>...</p>	<p>Article 145</p> <p>...</p> <p>The chairman shall be elected and removed by more than one half of all the members of the board of directors. The term of office for the chairman is three years, which is renewable upon re-election.</p> <p>...</p>
6	<p>Article 150</p> <p>...</p> <p>The vice-chairman shall assist with the chairman's work, in event that the chairman is unable to or does not perform his powers, the vice-chairman may exercise such powers on the chairman's behalf. In case that the vice-chairman is unable to or does not perform his powers, a director named by more than half of the directors may perform such powers.</p>	<p>Article 152</p> <p>...</p> <p>In event that the chairman is unable to or does not perform his powers, a director named by more than half of the directors may perform such powers.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

No.	Original text of the Articles of Association	Proposed amendments to the Articles of Association
7	<p>Article 127</p> <p>The chairman of the board of directors shall convene and chair a general meeting. If the chairman is unable to attend the meeting for any reason, the vice-chairman of the board of directors shall convene and chair the meeting. If both the chairman and vice-chairman of the board of directors are unable to attend the meeting, then the board of directors may designate a director to convene and chair the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting. The general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to perform his duties or has failed to perform his duties, a supervisor elected by more than half of the supervisors shall preside over the meeting.</p> <p>...</p>	<p>Article 127</p> <p>The chairman of the board of directors shall convene and chair a general meeting. If the chairman is unable to attend the meeting for any reason, then the board of directors may designate a director to convene and chair the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting. The general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to perform his duties or has failed to perform his duties, a supervisor elected by more than half of the supervisors shall preside over the meeting.</p> <p>...</p>

Save for the above amendments, other provisions of the Articles of Association remained unchanged.

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

NOTICE OF 2018 ANNUAL GENERAL MEETING

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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 2018 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.

IMPORTANT NOTICE:

- Date of the 2018 Annual General Meeting: 21 June 2019 (Friday)

I. BASIC INFORMATION OF THE MEETING

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting (the “**Annual General Meeting**”) of Beijing Jingcheng Machinery Electric Company Limited (the “**Company**”) will be convened by the board of directors of the Company (the “**Board**”) and the relevant matters of the meeting are as follows:

- (1) Type and Session of the Meeting: The 2018 Annual General Meeting
- (2) Convener of the Meeting: the Board
- (3) Voting method: a combination of on-site voting by way of poll and internet voting will be adopted for the Annual General Meeting
- (4) Date, time and venue of the on-site meeting

Date and time: 21 June 2019 (Friday) at 9:30 a.m.

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

NOTICE OF 2018 ANNUAL GENERAL MEETING

(5) Share Record Date: 22 May 2019 (Wednesday)

II. RESOLUTIONS TO BE CONSIDERED AT THE MEETING

Resolutions for consideration at the 2018 Annual General Meeting

No.	Name of Resolutions
Ordinary resolutions	
1	To consider and approve the full text and the summary of annual report for A shares and annual report for H shares of the Company for 2018
2	To consider and approve the 2018 work report of the board of directors of the Company
3	To consider and approve the 2018 work report of the supervisory committee of the Company
4	To consider and approve the 2018 audited financial reports of the Company
5	To consider and approve the internal control audit report in the financial report of the Company for the year 2018
6	To consider and approve the 2018 work report of the independent non-executive directors of the Company
7	To consider and approve the resolution of the Company not to distribute any profit for the year 2018
8	To consider and approve re-appointment of SHINEWING Certified Public Accountants LLP as the auditor for the Company's 2019 financial reports and to propose at the general meeting to authorise the Board to sign an appointment agreement with it and determine its remuneration
9	To consider and approve re-appointment of Da Hua Certified Public Accountants (Special General Partnership) as the internal control auditor for the Company's 2019 internal control report and to propose at the general meeting to authorise the Board to sign an appointment agreement with it and determine its remuneration
Special resolutions	
10	To consider and approve the amendments to the Articles of Association of the Company
11	To consider and approve the resolution in relation to grant of general mandate to the Board to issue H shares

NOTICE OF 2018 ANNUAL GENERAL MEETING

III. ATTENDEES OF THE MEETING

- (I) Shareholders of the Company whose names appear on the register of members of the Company on 22 May 2019, shall have the right to attend the Annual General Meeting after complying the necessary registration procedures.
- (II) Directors, supervisors and senior management of the Company.
- (III) Lawyers engaged by the Company.
- (IV) Other persons.

IV. REGISTRATION FOR ATTENDING THE MEETING

Shareholders or proxies who intend to attend the Annual General Meeting are requested to deliver the reply slip of attending to the Company before 31 May 2019. 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 22 May 2019 to 21 June 2019 (both days inclusive), during which time no H Shares transfer will be registered. For holders of H Shares who intend to attend the Annual General Meeting, transfer documents together with the related share certificates must be lodged with the Company's Hong Kong H shares registrar, Computershare Hong Kong Investors Services Limited at Shop 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 21 May 2019.

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 Annual General Meeting may appoint one or more proxy(ies) who need not to be a Shareholder, to attend and vote on his or her behalf at the Annual General Meeting.
- 2. For shareholder who appoints more than one proxy, his or her proxies can only exercise the voting right by way of poll.
- 3. The instrument appointing a proxy must be in writing signed by the appointer or the proxy, while he or she must be authorised by the appointer to sign in writing. If that instrument is signed by the proxy on behalf of the appointer, the power of attorney authorising that proxy to sign, or other authorisation document, must be notarially certified. To be valid, the notarially certified copy of the power of attorney, or other authorisation document, together with the form of proxy must

NOTICE OF 2018 ANNUAL GENERAL MEETING

be delivered to the business address of the Company or the Company's H shares registrar, Computershare Hong Kong Investors Services Limited at Shop 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the holding of the Annual General Meeting.

V. OTHER MATTERS

1. Contact details for the meeting
Contact telephone: 8610-67365383/8610-58761949
Fax: 8610-87392058/8610-58766735
Contact person: Office of the Board of the Company
Address: No. 2 Huo Xian Nan San Road, Huo Xian Town, Tongzhou District, Beijing, the PRC
Postal code: 101109
2. The Annual General Meeting is expected to last for half a day. Attendees should bear their own accommodation and travel expenses.
3. H shareholders of the Company or proxy attending the Annual General Meeting, please arrive half an hour before the meeting time and bring along the identity document for verification.

The Board of
Beijing Jingcheng Machinery Electric Company Limited

Beijing, the PRC

6 May 2019

As at the date of this announcement, the Board comprises Mr. Wang Jun, Mr. Li Junjie and Mr. Zhang Jiheng as executive directors, Ms. Jin Chunyu, Mr. Du Yuexi, Mr. Xia Zhonghua and Ms. Li Chunzhi as non-executive directors and Ms. Wu Yan, Mr. Liu Ning, Mr. Yang Xiaohui and Mr. Fan Yong as independent non-executive directors.