

Rules of Procedure for the Supervisory Committee of
Beijing Jingcheng Machinery Electric Company Limited

(In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.)

Article 1 Tenets

In order to further regulate the discussion methods and voting procedures of the Supervisory Committee (the “Committee”) of Beijing Jingcheng Machinery Electric Company Limited (the “Company”), urge the supervisors and the Committee to effectively fulfill their supervisory duties and improve the corporate governance structure of the Company, the Rules are formulated in accordance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies in China, the Rules of Shanghai Stock Exchange for the Listing of Stocks, etc.

Article 2 Committee Secretariat

The Committee established Secretariat staffed with a secretary dealing with daily routine for the Committee. The Committee secretary concurrently holds post of the Secretariat principal, safekeeping the Committee seals. The Committee can also ask the Company’s securities representative or other personnel to assist the secretary to handle the daily routine for the Committee.

Article 3 Regular and Interim Committee Meetings

The meetings of the Committee are divided into regular meeting and interim meeting.

The regular meeting shall be convened at interval of every six months. The Committee shall convene an interim meeting within ten days in any of the following circumstances:

- 1) When any supervisor proposes a meeting;
- 2) When the shareholders meeting or the board meeting approves any resolutions on the violation of laws, regulations, rules, regulations or requirements of the regulatory authorities, Articles of Association, resolutions of the shareholders meeting or other relevant provisions;

- 3) When the misconducts of any director or senior management personnel may cause great damage to the Company or adverse impacts in the market;
- 4) When the Company or any director, supervisor or senior management personnel of the Company is being charged by any shareholder;
- 5) When the company or any director, supervisor or senior management personnel of the Company is penalized by the securities regulatory authorities or denounced by the Shanghai Stock Exchange;
- 6) When the securities regulatory authorities request a meeting;
- 7) Or, any other situation specified in the Articles of Association of the Company.

Article 4 Proposal of the Regular Meeting

Before giving the notice on holding a regular meeting, the Secretariat shall collect meeting proposals from all supervisors and spend at least two days seeking for opinions from the employees. When collecting the proposals or seeking for opinions, the Secretariat shall state that the Committee's main responsibility is the supervision on the standard operation of the Company and the official behavior of the directors and senior management personnel rather than the operating management decisions of the Company.

Article 5 Procedures of the Proposal of an Interim Meeting

For an interim meeting, the supervisor shall submit a signed written proposal to chairman of Supervisory Committee directly or through the Secretariat. The written proposal shall contain the following items:

- 1) Name of the supervisor who makes the proposal;
- 2) Reason for making the proposal or proposal-based objective particulars of a matter;
- 3) Time or duration, venue and convening mode of the meeting;
- 4) Clear and specific proposal;
- 5) Contact way of the proposer, date of the proposal, etc.

The Committee Secretariat shall issue a notice for an interim meeting within three days after it or chairman of Supervisory Committee receives the written proposal from a supervisor.

Where the Committee Secretariat fails to issue the meeting notice in time, the proposer shall report to the regulatory authorities promptly.

Article 6 Convene and Preside over the Meeting

The Supervisory Committee meeting shall be convened and presided over by chairman of Supervisory Committee or a supervisor who is jointly recommended by more than half of the supervisors if chairman of Supervisory Committee is unable to or fails to perform his/her duties.

Article 7 Meeting Notice

For a regular meeting or an interim meeting, the Committee Secretariat shall issue a written notice affixed with the official seal of the Committee to all supervisors respectively ten or five days in advance through direct delivery service, fax, email or any other means. If the notice is not given through direct delivery service, the confirmation by telephone is necessary and the corresponding records shall be made.

When convening an interim meeting necessitated by an urgent business, the notice shall be given verbally or by telephone at any time, provided that the convener should make necessary explanations at the meeting.

Article 8 Contents of the meeting notice

The written meeting notice shall at least include the following items:

- 1) Meeting date and venue;
- 2) Tentatively deliberative matters (meeting proposal);
- 3) Meeting convener and moderator, the interim meeting proposer and his/her written proposal;
- 4) The request for the supervisors to attend the meeting personally;

5) Contact person and contact way.

The verbal meeting notice shall at least include the contents mentioned in 1) and 2) and a description that the Supervisory Committee interim meeting is necessary to be held as soon as possible due to the emergency.

Article 9 Convening Mode of the Meeting

The Supervisory Committee meeting shall be held on site in principle.

In case of an emergency, the vote by means of communication can be adopted for the meeting provided that the meeting convener (moderator) explains the specific emergency situation to the participating supervisors. In the communication vote, the supervisors shall sign and fax their written opinions and voting intentions on the relevant matters to the Secretariat. The supervisors shall not just specify their vote options, but give written opinions or voting reasons.

Article 10 Convening of the Meeting

The Supervisory Committee meeting cannot be convened unless more than half of the supervisors are present. Where the minimum requirement of the attendee number fails to be met due to refusal or failure to attend the meeting on part of some relevant supervisors, the remaining supervisors shall report it to the regulatory authorities timely.

Article 11 Deliberation Procedures of the Meeting

The meeting moderator shall ask the participating supervisors for their definite opinions on each proposal.

The meeting moderator shall, in accordance with the proposal of the supervisor, ask the directors, senior management personnel, other employees of the Company, or staff of relevant intermediaries to make available at the meeting for answering an inquiry.

Article 12 Supervisory Committee Resolution

The Supervisory Committee Resolution shall be passed by show of hands on a one-person-one-vote basis.

Voting intention of participating supervisors consists of the affirmative vote, negative vote and abstention. They shall choose one of them. If any participating supervisor fails to choose or chooses two or more options at the same time, the meeting moderator shall ask the supervisor to make the second round of choosing. The supervisors who refuse to choose or fail to return after leaving the meeting without making any choosing shall be deemed to have abstained from voting.

The consent of simple majority is required for passing a resolution.

Article 13 Sound Recording of the Meeting

If necessary, the whole process of the Supervisory Committee meeting shall be recorded.

Article 14 Meeting Minutes

The Committee Secretary shall keep the minutes at the on-site meeting. The meeting minutes shall include the following items:

- 1) Meeting edition, date, venue and convening mode;
- 2) Issuance and receipt of meeting notices;
- 3) Meeting convener and moderator;
- 4) Roll call situation about attendees;
- 5) Proposal deliberated at the meeting, main points and views of each supervisor on the relevant matters and their voting on the proposal;
- 6) Voting method and result of each proposal (note the specific numbers of affirmative votes, negative votes, and abstentions);
- 7) Other matters considered necessary to be recorded by the participating supervisors.

For the Committee meeting held by means of communication, the Committee

Secretariat shall sort out and compile the minutes in accordance with the above provisions.

Article 15 Signature of the Supervisors

The participating supervisors shall sign the meeting minutes for confirmation. Any supervisor who has different views on the meeting minutes can make a written explanation when signing the minutes; when necessary, he/she shall report it to the regulatory authorities in a timely manner; he/she can also make a public statement.

If any supervisor fails to sign for confirmation as provided in the foregoing stipulation and make a written explanation on his/her different views, or fails to report it to the regulatory authorities or make a public statement, he/she shall be deemed to have fully agreed with the contents of the meeting minutes.

Article 16 Announcement of the Resolutions

The announcement of the Supervisory Committee resolutions shall be handled by the secretary of the Board of Directors in accordance with the relevant provisions of the Rules of Shanghai Stock Exchange for the Listing of Stocks.

Article 17 Implementation of the Resolutions

The supervisors shall urge the relevant staff to implement the Supervisory Committee resolutions. The chairman of Supervisory Committee shall notify the implementation conditions of the adopted resolutions at the next Supervisory Committee meetings.

Article 18 Archiving of Meeting Files

The Supervisory Committee meeting files, including the meeting notices and materials, meeting recordings, meeting minutes and resolution announcements with signatures of participating supervisors, etc. shall be kept by the Committee secretary.

The preservation period of those meeting files shall be more than ten years.

Article 19 Supplementary Provisions

Other matters unaccomplished in the Rules shall be implemented based on the relevant provisions of the Rules of Procedure of the Board of Directors.

The term of “more than” as used in the Rules shall include the given figure.

The Rules are developed by the Supervisory Committee and shall take effect upon the approval of the shareholders meeting. Any amendment to the Rules shall follow the same procedure.

The Supervisory Committee shall be held responsible for the interpretation of the Rules.