

**Beijing Jingcheng Machinery Electric Company Limited**  
**Enforcement Regulations for the Directors Board**  
**Remuneration and Appraisal Committee**

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

## **Chapter 1 General Provisions**

Article 1 With a view to establishing a sound appraisal and remuneration management system for the Company's directors (non-independent), senior managers as well as directors/supervisors dispatched to its subsidiaries (hereafter referred to as "Dispatched Directors/Supervisors"), and rationalizing its corporate governance structure, the Company has hereby established the Remuneration and Appraisal Committee of the Board and formulated this this Enforcement Regulations in accordance with the Company Law of the People's Public of China, the Code of Corporate Governance for Listed Companies, its Articles of Association and the other relevant regulations.

Article 2 The Remuneration and Appraisal Committee is a dedicated body established under the Board to be primarily responsible for the establishment of performance appraisal criteria for the Company's directors, managers and dispatched directors/supervisors as well as the performance appraisal and for the establishment and review of remuneration policies and plans for the Company's directors, managers and dispatched directors/supervisors, and reports to the Board.

Article 3 The "directors" as referred to herein shall mean Chairman and Vice Chairman of the Board to whom the Company pays remuneration, and "managers" shall mean General Manager, Deputy General Manager and Secretary of the Board appointed by the Board, other senior managers proposed by General Manager to the Board for review, as well as dispatched directors/supervisors.

## **Chapter 2 Personal Composition**

Article 4 The Remuneration and Appraisal Committee shall consist of three directors, the majority of whom shall be independent directors.

Article 5 The members of the Remuneration and Appraisal Committee shall be nominated by the Chairman of the Board, at least one half of independent directors, or one-third of the total Board members, and elected by the Board.

Article 6 The Remuneration and Appraisal Committee shall have one chairman (convener) who shall be an independent director and is responsible for chairing the Committee. The chairman shall be elected from the members of the Committee and appointed with the approval of the Board.

Article 7 The term of office of the Remuneration and Appraisal Committee shall be identical to that of the Board. A member may offer himself/herself for re-election upon the expiration of his/her term of office. Any member of the Remuneration and Appraisal Committee who no longer holds office as a director of the Company during the term shall automatically cease to be a member of the Committee, and the vacancy shall be filled by the other Committee member with the arrangement of the Committee in light of Articles 4 to 6 above.

Article 8 The Secretariat of the Remuneration and Appraisal Committee is established under the Board of Directors Secretariat to be responsible for providing information on operations of the Company and persons to be assessed and for preparing Remuneration and Appraisal Committee meetings and implementing resolutions made at the meetings.

### **Chapter 3 Duties and Authorities**

Article 9 The main duties and authorities of the Remuneration and Appraisal Committee are as follows: (i) to establish remuneration plans or schemes with reference to factors such as the Enforcement Regulation , duties and significance of directors, senior managers and dispatched directors/supervisors as well as the remuneration levels of other relevant enterprises; (ii) remuneration plans or schemes include but not limited to the performance evaluation standards, procedures and the major evaluation system, major incentive and punishment schemes and systems; (iii) to examine the fulfillment of duties by the Company's directors (non-independent), senior managers as well as dispatched directors and supervisors and conduct an annual performance appraisal of them; (iv) to oversee the implementation of the Company's remuneration system; and (v) other matters as authorized by the Board.

Article 10 The Board shall have the right to deny any remuneration plans or schemes that may damage the interests of shareholders.

Article 11 Remuneration plans for the Company's directors proposed by the Remuneration and Appraisal Committee shall not be implemented until approved by the Board and passed at general meetings. Remuneration plans for the Company's managers shall be subject to approval from the Board.

### **Chapter 4 Decision-making Procedures**

Article 12 The Board of Directors Secretariat is responsible to make preliminary preparation for decision-making by the Remuneration and Appraisal Committee and to provide information in respect of the Company, including: (i) the Company's major financial indicators and the extent to which

its operating targets have been achieved; (ii) Enforcement Regulation and duties of the Company's senior managers; (iii) the extent to which the performance targets set out under the performance evaluation system have been achieved by directors, senior managers and dispatched directors/supervisors; (iv) performance evaluation on business innovation and profit-generating capabilities of directors, senior managers and dispatched directors/supervisors; and (v) the basis for establishing remuneration plans based on the Company's results.

Article 13 The appraisal processes of directors, senior managers and dispatched directors/supervisors by the Remuneration and Appraisal Committee are as follows: (i) directors, senior managers and dispatched directors/supervisors shall report their work and make self-evaluation to the Remuneration and Appraisal Committee of the Board; (ii) the Remuneration and Appraisal Committee shall assess the performance of directors, senior managers and dispatched directors/supervisors in accordance with performance evaluation standards and procedures; and (iii) the Committee shall propose remuneration packages and incentives of directors and senior managers based on the performance evaluation results and the remuneration policies and shall submit them to the Board upon passing by voting.

## **Chapter 5 Procedural rules**

Chapter 14 The Remuneration and Appraisal Committee hold meetings on demand from time to time each year. Five-day-in-advance notice shall be given to all members before each meeting. The chairman of the Committee shall chair the meetings. If he/she is unable to be present, the chairman may authorize any other member (independent director) to chair the meeting.

Article 15 Two-thirds of the members are required to constitute a quorum of a Remuneration and Appraisal meeting. Each member shall be entitled to one vote. Resolutions at any meetings shall be passed by a simple majority of votes of all the members.

Article 16 Votes shall be taken on a show of hands or on a poll.

Article 17 The Remuneration and Appraisal Committee accept written proposals as substitute for Committee meetings, subject to written consent from a simple majority of all the members.

Article 18 Where necessary, the Company's directors, supervisors and senior managers may be invited to be present at Remuneration and Appraisal Committee meetings.

Article 19 Intermediaries may be engaged by the Remuneration and Appraisal Committee at the expense of the Company to give professional advice on its decision-making if necessary.

Article 20 When becoming the subject of a discussion at the Remuneration and Appraisal Committee meeting, any committee member shall withdraw.

Article 21 The holding of a Remuneration and Appraisal Committee meeting, voting processes and resolutions passed at the meeting shall be compliant with laws, regulations, the Company's *Articles of Association* and provisions herein.

Article 22 Minutes shall be taken on all meetings of the Remuneration and Appraisal Committee and signed by each attending member. All meeting minutes shall be kept by the Secretary of the Board for five years.

Article 23 Resolutions passed at Remuneration and Appraisal Committee meeting and voting results thereon shall be submitted to the Board in writing.

Article 24 All members present at Remuneration and Appraisal Committee meetings shall be obliged to keep confidential all matters discussed at the meeting and shall not disclose such information without authorization.

### **Chapter 6 Addendum**

Article 25 The Enforcement Regulations shall take effect from the date the resolution is passed by the Board.

Article 26 In case of matters not covered herein, the relevant state laws, regulations and the *Articles of Association* shall apply. In case any of the Enforcement Regulations conflicts with the state laws and regulations which are to be issued in the future or the *Articles of Association* as legally modified, the relevant state laws, regulations and the *Articles of Association* shall prevail. In such case, corresponding amendments shall be made to the Enforcement Regulations immediately and submitted to the Board for approval.

Article 27 The Enforcement Regulations shall be construed and interpreted by the Board of the Company.