



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)

BEIJING JINGCHENG MACHINERY ELECTRIC COMPANY LIMITED TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS

(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 directors) as well as senior management (hereafter referred to as "**Management Personnel**"), and improving its corporate governance structure of the Company, the Company has hereby established the Remuneration and Appraisal Committee of the Board and formulated these Terms of Reference in accordance with the Company Law of the People's Republic 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 specific body established under the Board to be primarily responsible for formulating the appraisal standard for the Company's directors and senior management and evaluating. It is responsible for formulating and reviewing the remuneration policies and plans for the Company's directors and senior management, and reports to the Board.
- Article 3 The "directors" as referred to herein shall mean the Chairman of the Board and directors to whom the Company pays remuneration, and "senior management" shall mean the General Manager, Deputy General Manager and Secretary of the Board appointed by the Board and other senior management proposed by the General Manager to the Board for approval.

Chapter 2 Composition

- Article 4 The Remuneration and Appraisal Committee shall consist 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 all the directors, 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 be 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 be re-elected 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 Committee in accordance with Articles 4 to 6 above.
- Article 8 The Secretariat of the Remuneration and Appraisal Committee is established under the Secretariat of the Board of Directors, which is responsible for providing information on operations of the Company and relevant information on persons to be assessed. It is responsible for preparing Remuneration and Appraisal Committee meetings and implementing relevant resolutions made at the Remuneration and Appraisal Committee meetings.

Chapter 3 Duties and Authorities

- Article 9 The main duties and authorities of the Remuneration and Appraisal Committee include:
- (i) to formulate remuneration plans or schemes with reference to the main scope, duties and significance of the positions of directors and senior management as well as the remuneration levels for relevant positions 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 etc.;
 - (iii) to make recommendations to the Board on the remuneration of directors;

- (iv) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in the group;
- (v) to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;
- (vi) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (vii) to examine the fulfillment of duties by the Company's directors (non-independent directors) and senior management and conduct an annual performance appraisal for them;
- (viii) to oversee the implementation of the Company's remuneration system;
- (ix) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (x) 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 they are approved by the Board and passed at general meetings. Remuneration plans for the Company's Management Personnel shall be subject to approval by the Board.

Chapter 4 Decision-making Procedures

Article 12 The Secretariat of the Board of Directors 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) providing the Company's major financial indicators and information on the extent to which its operating targets have been achieved;
- (ii) information on the scope of work and major responsibility of the Company's senior management;

- (iii) information on the extent to which the performance targets set out under the work performance evaluation system have been achieved by directors and senior management;
- (iv) providing the performance evaluation on business innovation and profit-generating capabilities of directors and senior management;
- (v) providing relevant calculation basis for formulating remuneration plans and methods of the Company based on the Company's results.

Article 13 The appraisal procedures of directors and senior management by the Remuneration and Appraisal Committee are as follows:

- (i) directors and senior management shall report their work and make a self-evaluation to the Remuneration and Appraisal Committee of the Board;
- (ii) the Remuneration and Appraisal Committee shall assess the performance of directors and senior management in accordance with the performance evaluation standards and procedures;
- (iii) the Committee shall propose the amount of remuneration and incentives of directors and senior management 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

Article 14 The Remuneration and Appraisal Committee hold meetings on demand from time to time each year. Notice shall be given five day in advance to all members before the 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 by a show of hands or by poll.

Article 17 The Remuneration and Appraisal Committee accepts written proposals as substitute for Remuneration and Appraisal 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 management 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 the Committee members becomes the subject of a discussion at the Remuneration and Appraisal Committee meeting, the committee member shall recuse.
- Article 21 The holding procedures of a Remuneration and Appraisal Committee meeting, voting methods and resolutions passed at the meeting shall be compliant with laws, regulations, the Company's Articles of Association and the provisions herein.
- Article 22 The Remuneration and Appraisal Committee shall keep minutes of its meetings, which shall be 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 Members present at Remuneration and Appraisal Committee meetings shall be obliged to keep confidential all matters discussed at the meetings and shall not disclose such information without authorization.

Chapter 6 Addendum

- Article 25 The Terms of Reference 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 of the Company of shall apply. In case the Terms of Reference conflict with the state laws and regulations which are to be issued in the future or the Articles of Association of the Company as legally modified, the relevant state laws, regulations and the Articles of Association of the Company shall prevail. In such case, corresponding amendments shall be made to the Terms of Reference immediately and be submitted to the Board for approval.
- Article 27 The Terms of Reference shall be construed and interpreted by the Board of the Company.

The Board of Directors
Beijing Jingcheng Machinery Electric Company Limited

29 October 2020