



# 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)

### **RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS 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 decision-making procedures of the Board of Directors of the Company, urge the directors and the Board to effectively fulfill their obligations and improve the standard operation and scientific decision-making levels of the Board, the Rules are formulated in accordance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, etc.

#### Article 2 Office of the Board

An office of the Board is established under the Board to handle the daily routine of the Board and keep the seal of the Board.

#### Article 3 Regular Meetings

The meetings of the Board are divided into regular meetings and extraordinary meetings.

The regular meeting of the Board shall be convened at least four times a year.

#### Article 4 Proposal of Regular Meetings

Before giving the notice on convening a regular meeting, the Office of the Board shall fully consult all directors to form the initial proposal of the meeting and then submit it to the chairman of the Board for finalizing.

The chairman of the Board, if necessary, shall consult the managers and other senior management before finalizing the proposal.

## Article 5

### Extraordinary Meeting

The Board shall convene an extraordinary meeting in any of the following cases:

- (1) When the shareholders representing one-tenth or more of the voting rights propose a meeting;
- (2) When one-third or more of the directors jointly propose a meeting;
- (3) When the Supervisory Committee proposes a meeting;
- (4) When the chairman of the Board deems necessary;
- (5) When half or more of independent directors propose a meeting;
- (6) When the manager propose a meeting;
- (7) When the securities regulatory authorities request a meeting;
- (8) In other situations specified in the Articles of Association of the Company.

## Article 6

### Procedures of the Proposal of an Extraordinary Meeting

Where an extraordinary meeting is proposed as the preceding article stipulates, a written proposal signed and sealed by the proposer shall be presented through the Office of the Board or to the chairman of the Board directly. The written proposal shall contain the following items:

- (1) Name(s) of the proposer(s);
- (2) Reason for the proposal or objective reason for the proposal;
- (3) Time or duration, venue and the convening mode of the proposed meeting;
- (4) Clear and specific proposal;
- (5) Contact information of the proposer(s) and the date of the proposal, etc.

The content of the proposal shall fall within the scope of the functions and powers of the Board as specified in the Articles of Association of the Company and the materials relevant to the proposal shall be submitted together.

Upon receiving the above-mentioned written proposal and the relevant materials, the Office of the Board shall present them to the chairman of the Board on the same day. If the chairman of the Board believes the proposal is not clear, specific or the related materials are inadequate, the proposer may be requested to make modification or supplementation.

The chairman of the Board shall convene and preside over the meeting within ten days after receiving the proposal or upon the request of the securities regulatory authorities.

Article 7 Convening and Presiding over the Meeting

The Board meeting shall be convened and presided over by the chairman of the Board, or a director jointly recommended by more than half of the directors where the chairman of the Board is unable to or fails to perform his/her duties.

Article 8 Meeting Notice

For a regular meeting or an extraordinary meeting, the Office of the Board shall give a written meeting notice to all directors, supervisors, the managers and the secretary of the Board fourteen days and eight hours respectively in advance through direct delivery service, fax, email or any other means. If the notice is not given through direct delivery service, confirmation by telephone is also necessary.

When an extraordinary meeting needs to be held as soon as possible in case of an emergency, the meeting notice is allowed to be given by telephone or in other verbal forms at any time but it is necessary for the convener to give explanations at the meeting.

Article 9 Contents of the Meeting Notice

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

- (1) Meeting date and venue;
- (2) Meeting duration;
- (3) Meeting convener and presider, and the proposer of the extraordinary meeting;
- (4) Subject matter or topics for discussion;
- (5) Issuance date of the notice.

The verbal meeting notice shall at least include the above-mentioned contents in (1) and (2) and a description of the necessity of convening a Board extraordinary meeting as soon as possible due to the emergency.

Article 10 Changes in Meeting Notices

After the written notice of the regular meeting is issued, if the meeting date, venue or any other item needs to be changed, or the meeting proposal needs to be supplemented, modified or cancelled, a change notice shall be given in writing three days prior to the originally scheduled meeting date to specify the situation and the contents of the new proposal as well as the relevant materials. If the change notice is given within three days prior to the originally scheduled meeting date, the meeting date shall be postponed accordingly or convened on schedule upon the approval of all directors who will attend the meeting.

After the notice of the extraordinary meeting is issued, if the meeting date, venue or any other item needs to be changed, or the meeting proposal needs to be supplemented, modified or cancelled, a prior approval from all directors who will attend the meeting shall be obtained and the corresponding records shall be made.

Article 11 Convening of the Meeting

More than half of the directors are required to constitute a quorum of a Board meeting. Where the requirement of the minimum number of participants fails to be met due to some relevant director's refusal or failure to attend the meeting, the chairman of the Board and the secretary of the Board shall report it to the regulatory authorities in a timely manner.

The supervisors may attend the Board meeting and the managers and the secretary of the Board should attend the Board meeting if they are not concurrently serving as directors. Where necessary, other relevant persons whom the president of the meeting believes need to attend the meeting may be notified to attend the meeting.

Article 12 Attending in Person and Authorizing Others to Attend

The directors, in principle, shall attend the Board meeting in person. Any director who cannot attend the meeting due to some reasons shall review the meeting materials and form his/her definite opinions in advance and authorize any other director to attend with a letter of authorization.

The letter of authorization shall specify:

- (1) Names of the appointor and the appointee;
- (2) Brief comments of the appointor on each proposal;
- (3) Appointor's scope of authority and instructions on the voting intention on the proposal;
- (4) Appointor's signature, date, etc.

The appointee director shall present the written letter of authorization to the president of the meeting.

#### Article 13

##### Limitations on Authorizing Others to Attend

When a director authorizes other director or is authorized to attend the Board meeting, the following principles shall be followed:

- (1) When considering connected transactions, the non-connected directors shall not authorize the connected directors to attend the meeting, while the connected directors shall not accept the authorization of the non-connected directors either;
- (2) The independent directors shall not authorize the non-independent directors to attend the meeting, while the non-independent directors shall not accept the authorization of the independent directors either;
- (3) The directors shall not fully authorize other directors to attend the meeting without giving their personal opinions and voting intentions on the proposal, while the relevant directors shall not accept the full authorization or the unclearly defined authorization;
- (4) One director shall not accept the authorizations of more than two directors while a director cannot authorize a director who has been authorized by other two directors to attend the meeting.

#### Article 14

##### Convening Mode of the Meeting

The Board meeting shall be convened on site in principle. If necessary, the meeting, on the condition that the directors can fully express their opinions, can be held through video, telephone, fax or email voting, etc. upon the consent of the convener (presider) and the proposer. In addition, the on-site mode and other modes can be concurrently adopted for the convening of the Board meeting.

If the meeting is convened in an off-site manner, the number of the participating directors shall be counted based on the directors present in the video and those expressing their opinions on the phone as well as the valid votes delivered via fax, email or other means within the prescribed period or the written confirmation letters submitted by the directors afterwards to confirm their attendance of the meeting.

Article 15                      Consideration Procedures of the Meeting

The meeting presider shall seek clear opinions on each proposal from the participating directors.

If prior approval of the independent directors is necessary for the proposal according to the regulations, the meeting presider shall appoint an independent director to read out the written approval agreed by the independent directors before the discussion of the relevant proposal.

When any director hinders the normal proceeding of the meeting or affects other directors' speech, the meeting presider shall promptly stop him/her.

Unless with the unanimous consent of all participating directors, the proposals not included in the meeting notice shall not be put to a vote in the Board meeting. The directors who are authorized by other directors to attend the meeting shall not vote on the proposals not included in the meeting notice on behalf of other directors.

Article 16                      Giving Opinions

The directors should independently and prudently give their opinions upon carefully reading the relevant meeting materials and fully understanding the situations.

The directors are allowed to learn the information necessary for the decision-making from the Office of the Board, the meeting convener, the manager and other senior management, various special committees, accounting firms and law firms and other relevant personnel and organizations before the meeting, or to suggest the presider to invite the above-mentioned persons and the representatives of the above-mentioned organizations to attend the meeting to explain the relevant situations.

Article 17                      Voting and Resolution of the Meeting

When each proposal is fully discussed, the presider shall ask the participating directors to vote in time.

The resolution of the Board shall be passed by show of hands on a one-person-one-vote basis.

Voting intentions of the directors consist of the affirmative vote, negative vote and abstention. The participating directors shall choose one of the above-mentioned intentions. Where any participating director fails to choose or chooses two or more options at the same time, the presider of the meeting shall request the relevant director to choose again. The directors who refuse to choose or fail to return after leaving the meeting halfway without making a choice shall be deemed to have abstained from voting.

Article 18 Formation of the Resolution

Except for the situations specified in Article 19 of the Rules, the affirmative votes of more than half of all the directors of the Company is required for the Board to consider and approve a proposal and form the relevant resolution. Where the laws, administrative regulations and the Articles of Association of the Company stipulates that the consent of even more directors is necessary for the Board to form the resolutions, the relevant provision shall apply.

When the Board forms a resolution on any security matter within its functions and powers in accordance with the Articles of Association of the Company, the consents of more than half of all directors of the Company and two-third or more of the participating directors are necessary.

In case of any discrepancy on the contents and meanings of different resolutions, the resolution formed later shall prevail.

Article 19 Avoiding to Vote

The directors shall avoid voting on the relevant proposal in the following circumstances:

- (1) When the Rules Governing the Listing of Stocks on Shanghai Stock Exchange stipulates that the directors should avoid voting;
- (2) When the director himself/herself deems necessary to avoid voting;
- (3) Other situations where the Articles of Association of the Company specifies that the directors should avoid voting due to their connected relationship with the enterprise involved in the meeting proposal.

Where the directors are avoiding to vote, the relevant Board meeting can be convened provided that more than half of non-connected directors can attend the meeting and the resolution can be formed upon the consent of more than half of non-connected directors. Where the number of the participating non-connected directors is less than three, the relevant proposal shall not be voted on, and shall be submitted to the general meeting for consideration.

Article 20 No Ultra Vires

The Board shall act in strict accordance with the authorization of the general meeting and the Articles of Association of the Company, and shall not form a resolution by means of exceeding the given authority.

Article 21 Special Provisions on the Distribution of Profits

Where a resolution on the distribution of profits of the Company is necessary to be made in the Board meeting, it may first notify the certified public accountant of the distribution proposal to be submitted to the Board for consideration, and request them to issue the audit report draft accordingly (all financial data other than those relevant to the distribution shall have been determined.) The Board, after the distribution resolution is made, shall ask the certified public accountant to issue the formal audit report and then make resolutions on other relevant issues of the regular reports accordingly.

Article 22 Disposal of the Proposal Not Adopted

Where any proposal is not adopted, the proposal with the same contents shall not be considered in the Board meeting within a month provided that no significant change is found in the relevant conditions and factors.

Article 23 Suspension of Voting

When more than half of the participating directors or more than two independent directors believe that they cannot make a judgment on the relevant matters because the proposal is not clear, specific, or because of inadequate meeting materials and other reasons, the meeting presider shall ask for suspension of voting on the topic in the meeting.

The directors who propose to suspend voting shall provide explicit prerequisites for the proposal to be resubmitted for consideration.

Article 24 Sound Recording of the Meeting

If necessary, the whole process of the Board meeting convened on-site or through video, telephone or any other means can be recorded.

Article 25 Meeting Minutes

The Secretary of the Board shall arrange the staff of the Office of the Board to keep the minutes of the Board meeting. The meeting minutes shall include the following items:

- (1) Session, time, venue and convening mode of the meeting;
- (2) Issuance of the meeting notices;
- (3) Meeting convener and presider;
- (4) Directors attending in person and on authorization;



- (5) Proposal considered at the meeting, main points and views of the directors on the relevant matters;
- (6) Voting result of each proposal;
- (7) Other matters considered necessary to be recorded by the participating directors.

#### Article 26 Meeting Summary and Resolution Record

In addition to the meeting minutes, where necessary, the Secretary of the Board may also arrange the staff of the Office of the Board to work out a clear and concise meeting summary as well as to make a separate resolution record based on the voting result of the formed resolutions of the meeting.

#### Article 27 Signature of Directors

The participating directors shall sign the meeting minutes and resolution record for confirmation on behalf of themselves and the directors who authorize them to attend. Any director who has different views on the meeting minutes or the resolution record can make a written explanation when signing the minutes. When necessary, he/she shall report it to the regulatory authorities in a timely manner and he/she can also make a public statement.

Where any director fails to sign for confirmation as the proceeding article stipulates and fails to 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 and the resolution record.

#### Article 28 Announcement of Resolutions

The announcement of resolutions of the Board shall be handled by the Secretary of the Board in accordance with the relevant provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. Prior to the disclosure of announcement of resolutions, the participating directors and other members attending the meeting, the recording and service personnel etc., shall bear the duty of confidentiality on the contents of the resolutions.

#### Article 29 Implementation of Resolutions

The chairman of the Board shall urge the relevant persons to implement the resolutions of the Board, and check the implementation of the resolutions, and to report the implementation conditions of the adopted resolutions at the following meetings of the Board.

Article 30                    Preservation of Meeting Files

The meeting files of the Board, including the meeting notices and materials, letters of authorization for directors to attend, meeting recordings, the meeting minutes, meeting summary, resolution record, resolution announcement etc. that have been signed by the participating directors, shall be kept by the Secretary of the Board.

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

Article 31                    Supplementary Provisions

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

The Rules are formulated by the Board and shall take effect upon the approval of the general meeting. Any amendment to the Rules shall follow the same procedure.

The rules shall be construed and interpreted by the Board.

*The Board of Directors*  
**Beijing Jingcheng Machinery Electric Company Limited**