



# 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 MONITORING 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, the Company has hereby established the Remuneration and Monitoring 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 Monitoring 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 Monitoring Committee shall consist of three directors, the majority of whom shall be independent directors.
- Article 5 The members of the Remuneration and Monitoring Committee shall be nominated by the Chairman of the Board, or at least one half of independent directors, or one-third of all the directors, and shall be elected by the Board.
- Article 6 The Remuneration and Monitoring 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 Monitoring 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 Monitoring 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 Monitoring 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 Monitoring Committee meetings and implementing relevant resolutions made at the Remuneration and Monitoring Committee meetings.

## **Chapter 3 Duties and Authorities**

- Article 9 The Remuneration and Monitoring Committee is responsible for formulating the assessment criteria for directors and senior management and conducting their assessments, as well as formulating and reviewing the remuneration policies and plans for directors and senior management. It also makes recommendations to the Board on the following matters:
- (i) to make recommendations on the remuneration of directors and senior management;
  - (ii) to formulate remuneration plans or proposals according to the main scope, duties, importance of the management positions of directors and senior management, and the remuneration level of relevant positions in other relevant enterprises; the remuneration plans or proposals mainly include but are not limited to performance assessment criteria, procedures and key assessment system, and major incentive and penalty proposals and systems;

- (iii) to make recommendations on the formulation or modification of the share incentive schemes, employee share schemes, rights granted to participants and fulfilment of conditions for exercising the rights;
- (iv) to make recommendations on the arrangement of share schemes for directors and senior management in connection with the proposed spin-off of a subsidiary;
- (v) to consider remuneration paid by comparable companies, the time committed and duties, and the employment terms for other positions of the Group;
- (vi) to review and approve compensation payable to executive directors and senior management due to the loss of office or termination of office or appointment to ensure that such compensation is consistent with the contractual terms, and if not consistent, the compensation shall also be fair and reasonable so that it will not be excessive;
- (vii) to review and approve the compensation arrangements in relation to the dismissal or removal of directors for their misconduct to ensure that they are consistent with the contractual terms, and if not consistent, the compensation shall also be reasonable and appropriate;
- (viii) to review the performance of duties of directors (non-independent directors) and senior management of the Company and to conduct their annual performance appraisals;
- (ix) to be responsible for supervising the enforcement of the Company's remuneration system;
- (x) to ensure that any director or his/her associate(s) shall not participate in the determination of his/her own remuneration;
- (xi) other matters specified under provisions of laws, administrative regulations, the regulations of the China Securities Regulatory Commission, business rules of the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Articles of Association.

If the Board does not adopt or does not fully adopt the Remuneration and Monitoring Committee's recommendations, the opinions of the Remuneration and Monitoring Committee and the specific reasons for such non-adoption shall be documented in the Board resolution(s) and disclosed.

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 Monitoring 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 Monitoring 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 Monitoring Committee are as follows:

- (i) directors and senior management shall report their work and make a self-evaluation to the Remuneration and Monitoring Committee of the Board;
- (ii) the Remuneration and Monitoring 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 Monitoring Committee hold meetings on demand from time to time each year. In principle, notice shall be given three days in advance to all members before the meeting. In cases of necessity or emergency requiring the prompt convening of a meeting, the aforementioned notification time limit may be waived. Notification of the Remuneration and Monitoring Committee meetings may be made via modes including fax, email, telephone, personal delivery, or postal mail. The chairman of the Committee shall chair the meetings. If he/she is unable to attend, the chairman may authorize any other member (an independent director) to chair the meeting.
- Article 15 Two-thirds of the members are required to constitute a quorum of a Remuneration and Monitoring Committee meeting. Each member shall be entitled to one vote. Resolutions at any meeting 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. Extraordinary meetings may be convened by voting by telecommunication.
- Article 17 The meetings of the Remuneration and Monitoring Committee shall be held on-site in principle. If necessary, they may be held by modes of telecommunication including video conference, telephone, fax, or email in accordance with relevant procedures, provided that it can be ensured that all participating directors can fully communicate and express their opinions. If a meeting is held by telecommunication, the signature of a member of the Remuneration and Monitoring Committee on the resolutions of the meeting shall be deemed as such member's attendance and agreement with the content of the resolutions.
- Article 18 Where necessary, the Company's directors and senior management may be invited to be present at Remuneration and Monitoring Committee meetings.
- Article 19 Intermediaries may be engaged by the Remuneration and Monitoring Committee at the expense of the Company to give professional advice on its decision-making if necessary.
- Article 20 When a Committee member becomes the subject of discussion at the Remuneration and Monitoring Committee meeting, such member shall recuse.
- Article 21 The holding procedures of a Remuneration and Monitoring 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 Monitoring 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 ten years.
- Article 23           Resolutions passed at Remuneration and Monitoring Committee meeting and voting results thereon shall be submitted to the Board in writing.
- Article 24           Members present at Remuneration and Monitoring Committee meetings shall be obliged to keep confidential all matters discussed at the meetings and shall not disclose such information without authorization.

## **Chapter 6   Supplementary Provisions**

- 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 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**

January 2026