

Nanjing Sample Technology Co., Ltd.

Rules of Procedures of Audit Committee of the Board

Chapter 1 General Provisions

Article 1 In order to strengthen the decision-making functions of the Board of Directors of Nanjing Sample Technology Co., Ltd (hereinafter referred to as the “Company”), and to conduct audit in advance and professional audit so as to ensure the effective supervision of the management by the Board and improve the corporate governance structure, the Board of Directors of the Company formulated the Rules in accordance with the provisions of the Company Law of the People’s Republic of China, the Company’s

Chapter 2 Composition

shall comprise three directors, and majority of
or, and at least one of the independent director

Independent non-executive Directors or

are elected by the Board.

one chairman, who shall be an
g the work of the committee. The
Committee and be reported to the

Board for approval.

Article 10 In respect of relationship with the external auditors, the Audit Committee shall have the following duties:

(1) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;

(2) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The audit committee should discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(3) to develop and implement policy on engaging an external auditors to supply non-audit services. For this purpose, "external auditors" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The audit committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(4) to act as the key representative body for overseeing the Company

financial reporting;

Article 12 Regarding Article 11 above:

(1) Members of the Audit Committee should liaise with the Board and senior management; and the Committee must meet, at least twice a year, with the Company's external auditors; and

(2) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors;

Article 13 The Audit Committee shall supervise the Company's financial reporting system, risk management and internal control systems with following major duties:

(1) to review the Company's financial controls, risk management and internal control systems;

(2) to discuss the risk management and internal control system with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(3) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(4) to ensure co-ordination between the internal and external auditors with the Company's internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and should review and monitor its effectiveness;

(5) to review the Group's financial and accounting policies and practices;

(6) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or

systems of control and management's response;

(7) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(8) to review arrangements for employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(9) to report to the Board on the matters in respect of the applicable provisions set out in the Corporate Governance Code , Appendix 14 of The Main Board Listing Rules.

(10) to consider other topics, as defined by the Board.

Article 14 The committee shall review its performance, articles of association and terms of reference at least once a year to ensure it operates at maximum efficiency and propose to the Board for any changes it deems necessary for approval.

Chapter 4 Authority

Article 15 The Audit Committee is authorised by the Board to inspect all accounts, books and records of the Company.

Article 16 The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it reasonably requires from any employee. All employees are directed to co-operate with any request made by the Audit Committee.

Article 17 The Audit Committee is authorized by the Board to obtain external legal or independent advice to assist the Committee to perform its tasks and to invite external experts with relevant experience and expertise to attend the meeting if it thinks necessary.

Chapter 5 Regulations on Annual Report Work of the Audit Committee of the Board of Directors

Article 18 Members of the Audit Committee shall perform their responsibilities and duties diligently in the process of preparation and disclosure of the Annual Report of the Company

Article 19 The Audit Committee shall liaise with the accounting firm responsible for the annual audit of the Company and confirm the time arrangement of the audit of the annual financial statements.

Article 20 The Audit Committee shall demand the accounting firm to submit the auditors' report within the prescribed time, and shall record the form, number and results of such demand in writing, which shall be signed by all relevant parties.

Article 21 The Audit Committee shall review the financial accounting statements prepared by the Company and form its written opinions before the commencement of certified public accountants (hereinafter referred to as the

making preliminary preparations for the decision making process of the Audit Committee and providing relevant written information of the Company in relation to:

- Ä1 Årelevant financial reports of the Company;
- Ä2 Åwork reports of internal and external auditors;
- Ä3 Åexternal audit contracts and relevant work reports;
- Ä4 Åpublic disclosure of information made by the Company;
- Ä5 Åaudit reports on material connected transactions of the Company; and
- Ä6 Åother related matters.

Article 26 The Audit Committee shall convene meetings to discuss the reports submitted by the internal Audit Department of the Company, and shall submit its relevant written resolutions to the Board for consideration:

Ä1 Åwork appraisal on external auditors, and the engagement and replacement of external auditors;

Ä2 Åreport on whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are true and accurate in all aspects;

Ä3 Åreport on whether the financial information disclosed publicly by the Company is objective and accurate and whether major connected transactions of the Company are in compliance with relevant laws and regulations;

Ä4 Åwork appraisal of the financial department and audit department of the Company, including their persons-in-charge; and

Ä5 Åother related matters.

Chapter 7 Rules of Procedures

Article 27 The notice of a meeting of the Audit Committee shall be given to all members five days before the date of the meeting. In case of emergency, the notice may be given at any time.

Article 28 Audit Committee member may attend the meeting in person, or may appoint other member to attend the meeting and to exercise voting rights on his behalf.

Audit Committee member appointing other member attending the meeting and exercising the voting rights shall submit to the chairman of the meeting the power of attorney. The power of attorney shall be submitted to the chairman of the meeting no later than the voting at the meeting.

Article 29 Audit Committee member neither attend the meeting in person, nor appoint other member to attend the meeting on his behalf, shall be deemed not attending the relevant meeting.

Audit Committee member will be deemed to have failed to appropriately perform his duties if he fail

non-voting delegates, briefing or comments. However, non-audit committee members shall have no rights to vote on the motion.

Article 34 If necessary, the Audit committee may appoint independent intermediate institutions to provide professional advice for its decision-making at the expense of the Company.

Article 35 The Audit Committee shall meet at least four times each year.

Article 36 The Audit Committee shall meet with the representative of external auditors not less than twice a year. However, at least once a year the Audit Committee shall meet with the external auditors without executive board members present. The external auditors may request a meeting if they consider it necessary.

Article 37 The convening procedures and voting methods of the meeting of the Audit Committee as well as the resolutions passed at the meetings shall comply with relevant laws, regulations, the Company's Articles of Association and the Rules.

Article 38 The Audit Committee shall have minutes of its meetings. Members of the committee present at the meeting shall sign their names on the minutes of meeting. The minutes of the meetings shall be kept by the secretary to the Board. Draft and final versions of minutes shall be circulated to all members for their comment and records within reasonable period of time after the meeting.

Article 39 Any resolution passed or the results of a poll taken at a meeting of the Audit Committee shall be reported in writing to the Board.

The Audit Committee shall, based on the internal audit report submitted by the internal audit department and the relevant information, issue the written assessment of views on the effectiveness of the internal control of the Company, and report to the Board. The Board shall promptly report to the stock exchange and disclosed should the internal control system of the Company is of any material defeats or risks considered by Audit Committee. The Company shall disclose the defects of the internal control existed, the consequences which has been or possibly been led and measures taken, in the foregoing announcement.

Article 40 All members of the committee and others present at the meeting shall have the obligation for keeping the discussed matters confidential and shall not

disclose the relevant information.

Chapter 8 Supplementary Provisions

Article 41 The Rules (and any amendments thereof) shall come into effect upon approval at a board meeting.

Article 42 For the matters which are not covered by the Rules, they shall be executed in accordance with the relevant laws and regulations of the State, administrative rules and the Articles of Association. In the event that the Rules are not in congruence with the laws and regulations promulgated by the State, administrative rules or the Articles of Association amended through valid procedure, the relevant laws and regulations of the State, administrative rules and the Articles of Association shall prevail.

Article 43 The right to interpret the Rules shall reside with the Board.

Should there be any discrepancy between the English and Chinese versions of this