

If you are in any doubt, please contact the Company Secretary, Mr. Wang Jun, at Tel: 86-25-84799000, Fax: 86-25-84799001, E-mail: [sample@nanjing-sample.com](mailto:sample@nanjing-sample.com) or [sample@nanjing-sample.com.cn](mailto:sample@nanjing-sample.com.cn).

If you have sold or transferred your shares, you should retain a copy of the share certificate and the transfer document for your records. You should also advise the Company Secretary, Mr. Wang Jun, at Tel: 86-25-84799000, Fax: 86-25-84799001, E-mail: [sample@nanjing-sample.com](mailto:sample@nanjing-sample.com) or [sample@nanjing-sample.com.cn](mailto:sample@nanjing-sample.com.cn) of the change of your name and address.

If you have any queries or requests, please contact the Company Secretary, Mr. Wang Jun, at Tel: 86-25-84799000, Fax: 86-25-84799001, E-mail: [sample@nanjing-sample.com](mailto:sample@nanjing-sample.com) or [sample@nanjing-sample.com.cn](mailto:sample@nanjing-sample.com.cn).



南京三寶科技股份

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# DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

A 2017 13 A 2017

A 2017 ( ) B1.00

A 2017 40,000,000 A 2017

A A A A

B B

\* (南京三寶科技股  
份有限公司)

2017 ( )

2017 A 2017

A 2017

H 2017 H 2017

H  $\frac{2}{S}$  -

B1.00

H

$\frac{2}{S}$

$\frac{2}{S}$

R

H

H

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A

H

$\frac{2}{S}$

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$\frac{2}{S}$

R

H

A

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R

$\frac{2}{S}$

R

H

$\frac{2}{S}$

\* ( )-483.6(



南京三

... A 2 ... ; (4) ... (A 2 ... ) ...  
... ; (5) ... A ... A ...  
(...) ( ... A ... ); (6) ...  
... B ...



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## LETTER FROM THE BOARD

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(7) Method of underwriting:

..... % W<sup>o</sup> ..... % W<sup>o</sup> ..... % W<sup>o</sup> ..... % W<sup>o</sup> .....

(8) Place of Listing:

2/5 ..... 2/5 R .....  
\* % ..... % ..... R ..... %  
..... 2/5 .....

(9) Valid period of the resolution:

..... 12 ..... %  
2/5 ..... H 2/5 ..... \* ..... %  
..... 2/5 ..... %  
..... %  
..... A 2/5 ..... A 2/5 ..... %  
2/5 ..... H 2/5 ..... \* ..... % 2/5 R  
..... ( ) % ..... A 2/5 .....

### Impact of the A Share Offering on the shareholding structure of the Company

..... 40,000,000 A  
2/5 ..... A 2/5 ..... A 2/5 ..... A 2/5  
..... % :



**LETTER FROM THE BOARD**

**B. PROPOSAL ON THE APPROVAL OF THE USE OF FUNDS TO BE RAISED THROUGH THE A SHARE OFFERING AND THE FEASIBILITY ANALYSIS REPORT OF THE INVESTMENT PROJECTS BY RAISED FUND**

A B A H % A 2 S  
 B %  
 B %  
 B622,437,100:

*Unit: RMB10,000*

	<b>Project</b>	<b>Proceeds to be invested</b>
(1)	* (物聯網)	17,576.20
(2)	* (物聯網)	7,167.51
(3)	% R	<u>37,500.00</u>
		<u><u>62,243.71</u></u>

%

%

A 2 S

%

%

A 2 S

%

A 2 S

%

B B

%

H 2 S

%

A

%

A

---

## LETTER FROM THE BOARD

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A  
A 2 S % :  
(1) \* (物聯網)  
; (2) \*  
(物聯網) %  
B,  
\* (南京市栖霞區發展和改革局)

R (3)  
A 2 S

A 2 S % 12  
H 2 S %

% R  
% R





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**LETTER FROM THE BOARD**

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**G. THE PROPOSAL ON THE APPROVAL OF THE PRICE STABILIZATION PLAN FOR THE A SHARE WITHIN THREE YEARS AFTER THE A SHARE OFFERING**

*[Handwritten notes and scribbles in the margin of section G, including letters A, B, H, S, and symbols like % and 2/5.]*

**H. PROPOSAL ON THE APPROVAL OF THE IMPLEMENTATION AND UNDERTAKINGS ON RECOVERY AFTER DILUTION OF IMMEDIATE RETURN UPON THE A SHARE OFFERING**

*[Handwritten notes and scribbles in the margin of section H, including letters A, B, H, S, and symbols like % and 2/5.]*

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**LETTER FROM THE BOARD**

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... A 2  
S  
... A

**I. PROPOSAL ON THE AMENDED AND RESTATED INDEPENDENT DIRECTORS RULES AND RELEVANT RULES OF CORPORATE GOVERNANCE**

... A 2  
S  
... ; (-)  
... ; (-)  
... ; (-)  
... ; (-)  
... ; (-)

**Relevant Rules of Corporate Governance.**

... A 2  
S  
... A

... B  
... B  
... A

... A

... A  
... A

LETTER FROM THE BOARD

J. PROPOSAL ON THE APPROVAL OF THE AUTHORIZATION BY THE SHAREHOLDERS TO THE BOARD TO DEAL WITH ALL MATTERS RELATING TO THE A SHARE OFFERING

- B  $\frac{2}{5}$  A  $\frac{2}{5}$  B
- ( ) A  $\frac{2}{5}$  A  $\frac{2}{5}$  A  $\frac{2}{5}$
- ( )  $\frac{1}{10}$   $\frac{1}{10}$  A  $\frac{2}{5}$   $\frac{1}{10}$
- ( ) ( ) H  $\frac{2}{5}$  (華泰聯合證券有限責任公司) ;  
( ) B  $\frac{2}{5}$  A  $\frac{2}{5}$  ( ) (立信會計師事務所 (特殊普通合夥)) ;  
( ) B Z  $\frac{1}{10}$  (北京中倫律師事務所) ;  
A  $\frac{2}{5}$
- ( ) A  $\frac{2}{5}$  A  $\frac{2}{5}$
- ( ) A  $\frac{2}{5}$  ;
- ( )  $\frac{1}{10}$   $\frac{1}{10}$  A  $\frac{2}{5}$  A  $\frac{2}{5}$
- ( )  $\frac{1}{10}$   $\frac{1}{10}$  ;
- ( ) A  $\frac{2}{5}$   $\frac{1}{10}$  ;

( )  $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$  A  $\frac{2}{5}$   $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$

**M. THE EGM, THE DOMESTIC SHAREHOLDERS' CLASS MEETING AND THE H SHAREHOLDERS' CLASS MEETING**

§ 2 A 2  
§ 2  
§ 2

**N. RECOMMENDATIONS**

B  
§ 2  
A 2  
§ 2  
§ 2  
A  
B  
§ 2

**O. VOTING BY POLL**

A 57.7(H)-357.72.0\*(2HA H 2')-357.7( A22)-3, 2HA H Br. ,



W0 R \* (物聯網) W0 R \* (物聯網)

(2) Feasibility and necessity of the project

*Internet of things\* (物聯網) intelligent end-product development and industrialization project*

A  
\* (物聯網) W0 R  
W0 R \* (物聯網) W0 R  
R W0  
14 W0 W0 W0 W0



III. Basic Situation of Investment Projects in which Funds to be raised are to be invested

(1) Implementing Subject of the Project

2/5

(2) Situation of Investment Projects

Unit: RMB10,000

SN	Investment Projects	Proceeds to be invested	Construction period of the items	Project filing situation
1	* (物聯網)	17,576.20	3	2017.23
2	* (物聯網)	7,167.51	2	2017.24
3		37,500.00	3	
<b>Total</b>		<b><u>62,243.71</u></b>	-	-

\* (物聯網)

\* (物聯網)



### III. Detailed Shareholders' Return Plan Within the Next Three Years after the Initial Public Offering (A shares) and Listing Domestically

#### (I) Principles of Profit Distribution

The Company's profit distribution policy is to balance the interests of all shareholders, to maintain a reasonable cash flow, and to ensure the Company's long-term and stable development. The Company's profit distribution policy is as follows:

1. The Company shall adopt the cash dividend method as the primary method of profit distribution.
2. The Company shall distribute dividends at least once a year.
3. The Company shall distribute dividends in proportion to the number of shares held by each shareholder.
4. The Company shall not distribute dividends if it is in a state of net loss or if its cash flow is insufficient to cover its operating expenses.

#### (II) Method of Profit Distribution

The Company's profit distribution policy is to balance the interests of all shareholders, to maintain a reasonable cash flow, and to ensure the Company's long-term and stable development. The Company's profit distribution policy is as follows:

1. The Company shall adopt the cash dividend method as the primary method of profit distribution.
2. The Company shall distribute dividends at least once a year.
3. The Company shall distribute dividends in proportion to the number of shares held by each shareholder.
4. The Company shall not distribute dividends if it is in a state of net loss or if its cash flow is insufficient to cover its operating expenses.

#### (III) Conditions of Cash Dividends

The Company shall distribute cash dividends if it meets the following conditions:

1. The Company is in a state of net profit.	2. The Company's cash flow is sufficient to cover its operating expenses.
3. The Company's cash flow is sufficient to cover its capital expenditures.	4. The Company's cash flow is sufficient to cover its debt payments.

**APPENDIX II THE DETAILED SHAREHOLDERS' RETURN PLAN  
WITHIN THE NEXT THREE YEARS AFTER THE  
INITIAL PUBLIC OFFERING (A SHARES) AND LISTING**

2.  $\frac{\%}{W_0}$   $\frac{\%}{W_0}$   $\frac{\%}{W_0}$
- 3.
4.  $\frac{\%}{W_0}$  12  $\frac{\%}{W_0}$   
30%  $\frac{\%}{W_0}$
5.  $\frac{\%}{W_0}$

A.

*(IV) Proportion of Cash Dividends*

$\frac{\%}{W_0}$   
 $\frac{\%}{W_0}$  H  $\frac{\%}{W_0}$   $\frac{\%}{W_0}$

*(V) Interval of Cash Dividends*

(3)

A

*(VI) Conditions for the Distribution of Stock Dividends*

$\frac{\%}{W_0}$   $\frac{\%}{W_0}$

A

(VII) Differentiated Cash Dividend Policy

1. 80%;
2. 40%;
3. 20%;

B

(VIII) Decision-making Mechanism and Procedure for Profit Distribution

B

**APPENDIX II THE DETAILED SHAREHOLDERS' RETURN PLAN  
WITHIN THE NEXT THREE YEARS AFTER THE  
INITIAL PUBLIC OFFERING (A SHARES) AND LISTING**

B. [Faint text]

B. [Faint text]

*(IX) Decision-making and Procedures on Adjustment of Profit Distribution Policy*

[Faint text]

*(X) In the event that the company's capital misappropriated by a shareholder against regulations, the Company shall deduct the cash dividends entitled by such shareholder correspondingly, for repaying the misappropriated capital.*

IV. A. [Faint text]

V. A. [Faint text]

Note: The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

**NANJING SAMPLE TECHNOLOGY COMPANY  
LIMITED**

**ARTICLES OF ASSOCIATION**

**(DRAFT)**

Formulated at the **general meeting of the Company held on [•], 2017**

(The Articles of Association are formulated in accordance with the *Mandatory Provisions for Articles of Association of Companies to be Listed Overseas* (“Mandatory Provisions”), the *Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong* (“Zheng Jian Hai Han[1995] No.1”), the *Opinion on Further Standardizing Operations and Reform of Companies Listed Outside China* (the “Opinion”), the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (“Hong Kong Listing Rules”), the *Company Law of the People’s Republic of China* (the “Company Law”), the *Special Provisions of the State Council on Overseas Offering and Listing of Joint Stock Limited Companies* (the “Special Provisions”), the *Securities Law of the People’s Republic of China* (the “Securities Law”) and other relevant regulations of the stock exchange.

NANJING SAMPLE TECHNOLOGY COMPANY LIMITED  
ARTICLES OF ASSOCIATION (DRAFT)

CHAPTER 1 GENERAL

**Article 1** These Articles of Association are formulated in accordance with the *Company Law of the People’s Republic of China* (the “Company Law”), the *Securities Law of the People’s Republic of China* (the “Securities Law”) Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant regulations in order to safeguard the lawful rights and interests of Nanjing Sample Technology Co., Ltd. (the “Company”) and its shareholders and creditors.

Article 1 of the  
Guidelines for Listed  
Companies

**Article 2** The Company is a joint stock limited liability company incorporated in accordance with the Company Law, the Securities Law and other national laws and administrative regulations.

Article 2 of the  
Guidelines for Listed  
Companies

The Company was established by way of promotion with the approval of the People’s Government of Nanjing City, Jiangsu Province, People’s Republic of China, as evidenced by the approval document Ning Zheng Fu [2000] No.119 Approval of the Municipal Government regarding the Conversion of Nanjing Sample Computer Technology Company Limited to Nanjing Sample Technology Co., Ltd. dated 29 December 2000. It was registered with the Nanjing Administration for Industry and Commerce and was granted the Company’s Business License for Enterprises as a Legal Person on 29 December 2000. The number of the Company’s business license is: 3201082000869.

Mandatory Provisions  
Article 1

**Article 3** Upon examination and approval of the China Securities Regulatory Commission (the “CSRC”), the Company made its initial public offering of overseas listed foreign shares (H shares), and was listed on the Main board of The Stock Exchange of Hong Kong Limited (the “SEHK”) on 1 December 2010.

Article 3 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 1

Upon examination and approval of the CSRC on [•], the Company made its initial public offering of [•] ordinary shares in RMB, and was listed on the [•] Stock Exchange on [•].

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APPENDIX III AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)  
(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)

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**Article 4** The registered name of the Company: 南京三寶科技股份有限公司 Article 4 of the Guidelines for Listed Companies

The full English name of the Company: Nanjing Sample Technology Co., Ltd. Mandatory Provisions Article 2

**Article 5** The Company's legal domicile: No.10 Maqun Avenue, Qixia District, Nanjing City (南京市棲霞區馬群大道10號) Article 5 of the Guidelines for Listed Companies

Postcode: 210049

**Article 6** The Company's registered capital is RMB [•]. Article 6 of the Guidelines for Listed Companies

Mandatory Provisions Article 19

**Article 7** The Company is a joint stock limited company in perpetual existence. Article 7 of the Guidelines for Listed Companies

Mandatory Provisions Article 5

**Article 8**

Article 7 of the Guidelines for Listed Companies

Mandatory Provisions Article 19

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 10** From the effective date, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and its shareholder and among the shareholders, and shall be binding on the

Major scope of business of the Company: computer networks, industrial automation engineering design, installation; electronic products, electronic computer development, manufacture, testing, production for product sales, system integration; electronic computer technology consulting and information services; technology testing of electronic products and technical services; research and development of ITS-based basic information collection technology and equipment (excluding commodities under the special control of the State and projects with special approval). (Projects that require approval under law, the business can be carried out after the approval by the relevant departments)

Mandatory Provisions  
Article 10

### CHAPTER 3 SHARES

#### Section 1 Shares Issuing

**Article 14** The total share capital of the Company is divided into [•] shares, all of which are ordinary shares.

Article 19 of the  
Guidelines for Listed  
Companies

**Article 15** The shares of the Company shall be in the form of a stock.

Articles 14 and 16  
of the Guidelines for  
Listed Companies

All the shares issued by the Company shall be denominated in RMB, with a par value of RMB1.00 each.

Mandatory Provisions  
Article 12

The Company shall have ordinary shares at all times. It may have other kinds of shares according to needs of the Company and upon approval of the company approval authorities that are authorized by the State Council.

**Article 16** Subject to the approval of the CSRC, the Company may issue shares to domestic and foreign investors.

Mandatory Provisions  
Article 13

For the purposes of the preceding paragraph, the term “foreign investors” shall refer to investors from foreign countries or from Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company, and the term “domestic investors” shall refer to investors inside the People’s Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

**Article 17** Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. The domestic shares listed within the PRC shall be referred to as A shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed outside the PRC shall be referred to as overseas listed foreign shares. Overseas listed foreign shares issued by the Company and listed in Hong Kong shall be referred to as H shares.

Mandatory Provisions  
Article 14

Hong Kong Listing  
Rules Appendix 3  
Paragraph 9

Domestic shares, foreign shares, overseas listed foreign shares and H shares issued by the Company shall rank pari passu for any distribution by way of dividend or otherwise.

The foreign currency referred to in the preceding paragraph is a legal currency (other than Renminbi) of other countries or regions which is recognized by the foreign exchange administration authority of the State and can be used for payment of the Company's shares.

Upon examination and approval of the CSRC, the shareholders of domestic shares of the Company may transfer the shares held by them to overseas investors, and such shares could be listed and traded overseas. Listing and trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas stock market. For the listing and trading of the transferred shares on an overseas stock exchange, no class meeting is required for a resolution.

**Article 18** Upon approval of the company approval authorities that are authorized by the State Council, the total number of ordinary shares issued by the Company upon its incorporation is 45,000,000 domestic shares of RMB1.00 each. The number of shares issued to the promoters upon the Company's incorporation was 45,000,000 shares, representing 100% of the total number of issuable ordinary shares of the Company, all of which were subscribed by the promoters as follows:

Mandatory Provisions  
Article 15

Hong Kong Listing  
Rules Appendix 3  
Paragraph 9

- (1) 18,000,000 shares subscribed by Nanjing Sample Technology Group Company Limited, representing 40.00% of the total number of issued ordinary shares of the Company upon its incorporation;

- (2) 12,000,000 shares subscribed by Nanjing Zhongbei (Group) Company Limited, representing 26.67% of the total number of issued ordinary shares of the Company upon its incorporation;
- (3) 12,000,000 shares subscribed by Nanjing Huadong Electronics Information Technology Company Limited, representing 26.67% of the total number of issued ordinary shares of the Company upon its incorporation;
- (4) 1,650,000 shares subscribed by Nanjing Sample Technology Commerce City Company Limited, representing 3.66% of the total number of issued ordinary shares of the Company upon its incorporation;
- (5) 900,000 shares subscribed by Nanjing Daily Newspaper Office, representing 2.00% of the total number of issued ordinary shares of the Company upon its incorporation;
- (6) 450,000 shares subscribed by Sha Min, representing 1.00% of the total number of issued ordinary shares of the Company upon its incorporation.

**Article 19** In the capital structure of the Company, there are [•] domestic shares, representing [•]% of the total number of issued ordinary shares of the Company; shareholders of the overseas listed foreign shares hold 91,800,000 shares, representing [•]% of the total number of the issued ordinary shares of the Company.

**Article 21** Upon approval of CSRC of the Company’s proposal for issue of overseas-listed foreign shares and domestic shares, the board of the Company may make implementation arrangements of separate issue.

Mandatory Provisions  
Article 17

The Company’s proposal for separate issue of overseas-listed foreign shares and domestic shares pursuant to the preceding paragraph may be implemented within fifteen (15) months from the date of approval by CSRC.

**Article 22** Where the Company issues overseas-listed foreign shares and domestic shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these shares may be issued in several issues subject to the approval of CSRC.

Mandatory Provisions  
Article 18

**Article 23** The domestic shares issued by the Company are centrally deposited in China Securities Depository and Clearing Co., Ltd. Shanghai Branch; and the foreign shares listed in Hong Kong are mainly in custody of Hong Kong Securities Clearing Company Limited.

Article 17 of the  
Guidelines for Listed  
Companies

**Article 24** The Company or its subsidiary (including the affiliates of the Company) shall not provide any financial aid, by gift, advancement, guarantee, compensation, loan or in any other form, for anyone who purchase or proposes to purchase the shares of the Company.

Article 20 of the  
Guidelines for Listed  
Companies

## **Section 2 Increase, Reduction and Repurchase of Shares**

**Article 25** On the basis of the needs of the operation and development of the Company, by resolution of the shareholders’ general meeting, the Company may increase its share capital in accordance with the provisions of the laws and regulations by any of the following ways:

Article 21 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 20

- (1) by public offering of shares;
- (2) by non-public offering of shares;
- (3) by placing new shares to its existing shareholders;
- (4) by allotting bonus shares to its existing shareholders;

- (5) by capitalizing the reserve fund;
- (6) by any other way as provided by the laws and administrative regulations or approved by the CSRC.

**Article 26** The Company may reduce its registered capital. Any reduction of the registered capital of the Company shall be carried out in accordance with the procedures set out in the Company Law and other regulations and the provisions of the Articles of Association.

Article 22 of the Guidelines for Listed Companies

Mandatory Provisions  
Article 22 & 23

The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

**Article 27** The Company may repurchase its shares in accordance with the provisions of the laws, administrative regulations, departmental regulations and the Articles of Association under the following circumstances:

Article 23 of the Guidelines for Listed Companies

Mandatory Provisions  
Article 24

- (1) Deduction of the registered capital of the Company;
- (2) merging with another company that holds shares in the Company;
- (3) rewarding the shares to the employees of the Company;
- (4) shareholder demanding the repurchase by the Company due to the objection to the resolution of the Company's merger and split passed at the shareholders' general meeting.

The Company shall not purchase or sell its shares except for the abovementioned circumstances.

**Article 28** The repurchase of its own shares by the Company for the reasons set out in item (1) to item (3) of Article 27 of the Articles of Association shall be subject to resolution of the general meeting. The shares purchased by the Company in accordance with Article 27 hereof, if under the circumstances set out in item (1), shall be canceled within 10 days from the date of purchase; and if under the circumstances set out in items (2) and (4), shall be transferred or canceled within six months from the date of purchase. Upon cancellation of such part of shares, the Company shall apply for registration of change of registered capital with the company registration authority; and the amount of the Company's registered capital shall be reduced by the aggregate par value of those cancelled shares.

Article 25 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 27

Where the Company has the power to repurchase redeemable share, purchases not made through the market or by tender shall be limited to a maximum price; if purchases are by tender, tenders shall be available to all shareholders alike.

Hong Kong Listing  
Rules Appendix 3  
Paragraphs 8(1) & (2)

The number of shares to be purchased by the Company in accordance with the provisions of item (3) of Article 27 of the Articles of Association shall not exceed 5% of the total number of the issued shares of the Company; and the fund for such purchase shall come from the after-tax profit of the Company; and the shares so purchased shall be transferred to the employees within one year.

**Article 29** The Company may purchase its own shares by any of the following ways:

Article 24 of the  
Guidelines for Listed  
Companies

- (1) to repurchase shares through public trading on a stock exchange;
- (2) to make an offer of repurchase to all of its shareholders at the same proportion;
- (3) to repurchase through an off-market agreement;
- (4) by any other ways as provided by the laws and regulations or approved by the CSRC.

Mandatory Provisions  
Article 25

**Article 30** Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval of the shareholders at general meeting in accordance with the Articles of Association. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by shareholders at general meeting obtained in the same manner.

Mandatory Provisions  
Article 26

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchasing its shares or any of its right thereunder.

**Article 31** Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its outstanding shares:

- (I) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;
- (II) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

2. if the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the current amount of the Company's share premium account (or capital reserve account) (including the premiums on the fresh issue);

(III) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:

1. acquisition of rights to repurchase shares of the Company;
2. variation of any contract for repurchasing shares of the Company;
3. release of its obligation under any contract for repurchasing its shares;

(IV) after the Company's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account (or capital reserve account).

If the laws, regulations, rules, regulatory documents and the relevant provisions of the securities regulatory authority of the place of listing of the shares of the Company stipulate otherwise for the financial matters involved in the abovementioned repurchase of shares, such separate stipulations shall prevail.

**Section 3 Share Transfer**

**Article 32** The shares of the Company are transferrable according to the law.

Article 26 of the  
Guidelines for Listed  
Companies  
Mandatory Provisions  
Article 21  
Hong Kong Listing  
Rules Appendix 3  
Paragraph 1

Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien. For any transfer of the overseas listed foreign shares in Hong Kong, registration shall be made with the local Share registrar engaged by the Company in Hong Kong.

**Article 33** All fully paid-up overseas-listed foreign shares on the SEHK are freely transferable pursuant to the Articles of Association. However, the board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfills the following conditions:

Hong Kong Listing  
Rules Appendix 3  
Paragraph 1

- (1) The instruments of transfer and other documents relating or affecting the title to any securities shall be registered, and a payment of fee shall be made to the Company for the registration according to the charge standards as set out in the Hong Kong Listing Rules, and such fee shall not exceed the maximum fee as as prescribed in the Hong Kong Listing Rules from time to time.
- (2) The instrument of transfer involves only the overseas-listed foreign shares listed on SEHK;
- (3) The stamp duty for the instrument of transfer has been paid for in accordance with the Hong Kong law.
- (4) The relevant share certificates and evidence reasonably required by the board proving the right to transfer by the transferor in relation to such shares have been provided;

If the board of directors refuses to register the transfer of shares, it shall provide a notice of refusal to the transferor and the transferee within two (2) months from the date of the formal application of such transfer.

**Article 34** All overseas-listed foreign shares at Hong Kong shall be transferred by an instrument in writing in any usual or common form or any other form acceptable to the board (including the standard format of transfer or transfer form specified by the SEHK from time to time). The

If any shareholder of the Company has any other undertaking of transfer restriction with a longer period in respect of the shares held by him, such undertaking shall prevail.

**Article 37** If any director, supervisor, senior

The financial assistance referred to in this Article includes, (without limitation), the following means:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement;
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

**Article 39** The following activities shall not be deemed to be activities prohibited in Article 38:

Mandatory Provisions  
Article 31

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the shareholding structure of the Company effected in accordance with the Articles of Association;

- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company);
  
- (6) the provision of money by the Company for contributions to staff and workers' share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

#### **Section 4 Share Certificates and Register of Members**

**Article 40** The share certificates of the Company shall be in registered form.

Mandatory Provisions  
Article 32

In addition to those provided in the Company Law and the Special Provisions, a share certificate of the Company shall also specify other items as required by the stock exchange(s) on which the shares of the Company are listed.

**Article 41** The share certificates shall be signed by the Chairperson. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management, the share certificates shall also be signed by such other senior management. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The signatures of the Chairperson of the Company or other relevant senior management on the share certificates may also be in printed form.

Mandatory Provisions  
Article 33

Hong Kong Listing  
Rules Appendix 3  
Paragraph 2(1)

In the case of non-paper issuance and trading of the shares of the Company, if the securities regulatory body and stock exchange at the place where the shares of the Company are listed provide otherwise, such separate provisions shall prevail.

**Article 42** The Company shall keep a register of shareholders which shall contain the following particulars:                      Mandatory Provisions  
Article 34

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which a person registers as a shareholder;
- (6) the date on which a person ceases to be a shareholder.

The register of shareholders shall be sufficient evidence of the holding of the Company's shares by a shareholder, unless there is evidence to the contrary.

**Article 43** The Company may, in accordance with the mutual understanding and agreements made between CSRC and overseas securities regulatory authorities, maintain its register of holders of overseas-listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at the Company's domicile; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas-listed foreign shares at all times.                      Mandatory Provisions  
Article 35

If there is any inconsistency between the original and the duplicate of the register of holders of overseas-listed foreign shares, the original version shall prevail.

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 44** The Company shall maintain a complete register of shareholders.                      Mandatory Provisions  
Article 36

The register of shareholders shall include the following:                      Hong Kong Listing  
Rules Appendix 13 Part  
D Section 1(b)

- (1) the register of shareholders maintained at the Company's domicile (other than those parts as described in items (2) and (3) of this Article);
- (2) the register of shareholders (original) in respect of the holders of overseas-listed foreign shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of shareholders maintained at such other place as the board may consider necessary for the purpose of listing of the Company's shares.

**Article 45** Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.                      Mandatory Provisions  
Article 37

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

**Article 46** Transfers may not be entered in the register of shareholders within thirty (30) days prior to the date of a shareholders' general meeting or within five (5) days before the benchmark date set by the Company for the purpose of distribution of dividends.                      Mandatory Provisions  
Article 38

If the securities regulatory body at the place where the shares of the Company are listed provides otherwise, such separate provisions shall prevail.

**Article 47** Where the Company intends to convene a shareholder’s general meeting, distribute dividends, liquidate and engage in other activities that involve determination of the identity of the shareholders, the board or the convenor of the shareholders general meeting shall decide the record date, the shareholders registered on the register of members after closing of the record date shall be the shareholders who enjoy the relevant rights and benefits, unless otherwise provided in the Articles of Association.

Article 31 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 39

**Article 48** Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Mandatory Provisions  
Article 40

**Article 49** Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may (if his share certificates (the “original certificates”) are lost) apply to the Company for a replacement share certificate in respect of such shares (the “relevant shares”).

Mandatory Provisions  
Article 41

If a holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the relevant provisions of the Company Law.

If a holder of overseas-listed foreign shares loses his share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange or other relevant regulations of the place where the original register of holders of overseas-listed foreign shares is maintained.

The issue of replacement share certificates to holders of overseas listed foreign shares of the Company listed in Hong Kong shall comply with the following requirements:

- (1) The applicant shall make an application by use of the standard form prescribed by the Company and affix thereto a notarization or statutory declaration. The notarization or statutory declaration shall contain the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares. Hong Kong Listing  
Rules Appendix 3  
Paragraph 2(2)
  
- (2) No statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement share certificate.
  
- (3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the board. The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days. Hong Kong Listing  
Rules Appendix 3  
Paragraph 7(1)
  
- (4) The Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered shareholder a copy of the announcement to be published.

- (5) If, upon expiration of the 90-day period referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.
- (6) Where the Company issues a replacement share certificate under this Article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

**Article 50** Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

Mandatory Provisions  
Article 42

**Article 51** The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

Mandatory Provisions  
Article 43

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

**CHAPTER 4    SHAREHOLDER AND SHAREHOLDERS’  
                    GENERAL MEETING**

**Section 1    Shareholders**

**Article 52** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders. A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Article 30 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 44

For the overseas listed foreign shares, if more than two persons are registered as the joint shareholders of any share, they shall be deemed to be the joint owners of the relevant share, but subject to the following terms:

Hong Kong Listing  
Rules Appendix 3  
Paragraph 1(3)

- (1) The Company shall not register more than four persons as the joint shareholders of any share;
- (2) All joint shareholders of any share shall be jointly and severally liable for payment of all amounts payable in respect of the relevant shares;
- (3) If one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholder shall be deemed as the persons who have the ownership of the relevant shares. But the board has the power to require them to provide a certificate of death of the relevant shareholder as necessary for the purpose of modifying the relevant register of shareholders.

- (4) In respect of any of the joint shareholders of the shares, only the joint shareholder ranking first in the register of shareholders have the right to accept certificates of the relevant shares from the Company, receive notices of the Company, attend or vote at shareholders' general meetings of the Company of all the relevant shares. Any notice which is delivered to the aforesaid shareholder shall be considered as having been delivered to all the joint shareholders of the relevant shares. Any joint shareholder may sign a proxy form, and if more than one joint shareholders are present at the meeting by themselves or by proxy, then the preferred joint shareholder shall vote. For the purchase hereof, the preference of the shareholders shall be determined in accordance with the order in which the relevant joint shareholders appear in the register of members.

**Article 53** The ordinary shareholders of the Company shall be entitled to the following rights:

- (I) the right to dividends and other distributions in proportion to the number of shares held;
- (II) the right to request, convene, chair, attend or appoint a proxy to attend shareholders meetings and to exercise the voting right thereat in accordance with laws;
- (III) the right to supervise the business activities of the Company and to put forward proposals and raise inquiries;
- (IV) the right to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations, the relevant provisions of the securities regulatory body in the place where the stocks of the Company are listed and the provisions of the Articles of Association;

Article 32 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 45

- (V) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:                      Article 19A.50 in the Hong Kong Listing Rules
1. to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
  2. to inspect and copy, subject to payment of a reasonable charge:
    - (1) all parts of the register of shareholders;
    - (2) personal particulars of each of the directors, supervisors, general manager and other senior management of the Company, including present name and alias and any former name and alias; principle address (domicile); nationality; full-time and all other part-time occupations and positions; identification document and its number.
    - (3) report on the state of the Company's share capital;
    - (4) audited financial statements of the Company and the reports of the board, the auditors and the Supervisory Committee;
    - (5) special resolution of the Company
    - (6) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
    - (7) copy of the latest annual examination report submitted to the administration of industry and commerce in PRC or other competent authority for record; and
    - (8) minutes of the shareholders' general meetings.

The Company shall maintain the documents listed in the above item (1) to item (8) except for item (2) and any other applicable documents in the Hong Kong address of the Company as required by the listing rules, so that the public or the shareholders of the overseas listed foreign shares may have access thereto for free (the information under item (8) is for inspection by the shareholders only).

(VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(VII) to require the Company to purchase his shares when he objects to the resolution of Company's merger and split;

(VIII) other rights conferred by the laws, administrative regulations, department rules or the Articles of Association.

The Company shall not exercise any power to freeze or otherwise impair any of the rights attaching to any share of the Company by reason that person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Hong Kong Listing  
Rules Appendix 3  
Paragraph 12

**Article 54** Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information upon the shareholder's request.

Article 33 of the  
Guidelines for Listed  
Companies

**Article 55** If any content of the resolutions of the shareholders' general meeting or board meeting violates the laws and administrative regulations, the shareholders shall have the right to petition to the people's court for invalidating such content.

Article 34 of the  
Guidelines for Listed  
Companies

If the procedures of convening any shareholders' general meeting or board meeting and the ways of voting thereon violate the laws, regulations or the Articles of Association, or the contents of the resolutions violate the Articles of Association, the shareholders may petition to the people's court for canceling the resolution within sixty days from the date of resolution.

If any shareholder of foreign shares is involved, the dispute resolution rules provided in the Articles of Association shall be applicable.

**Article 56** If any director or senior management violates the laws, administrative regulations or the provisions of the Articles of Association during the course of performance of his duty and causes losses to the Company, the shareholder(s) who has (have) individually or collectively held not less than 1% of the shares of the Company for not less than 180 consecutive days has (have) the right to request in writing the Supervisory Committee to bring a lawsuit with the people's court; and if the Supervisory Committee violates the provisions of laws, administrative regulations or the Articles of Association and causes losses to the Company in the course of performance of its duties, the shareholder(s) may request in writing the board of directors to bring a lawsuit with the people's court (If any shareholder of foreign shares is involved, the dispute resolution rules provided in the Articles of Association shall be applicable).

Article 35 of the  
Guidelines for Listed  
Companies

In case the Supervisory Committee or the board of directors, after receiving the written request from the shareholders as provided in the preceding paragraph, refuses to bring a lawsuit or fails to bring a lawsuit within 30 days from the date of receipt of such request, or if under urgent circumstances, fails to bring an immediate action and causes irreparable damages to the interests of the Company, the shareholder(s) as provided in the preceding paragraph shall have the right in their own names to directly bring a lawsuit with the people's court for the interests of the Company (If any shareholder of foreign shares is involved, the dispute resolution rules provided in the Articles of Association shall be applicable).

In the case of infringement by others upon the lawful rights and interests of the Company and any losses caused to the Company, the shareholder(s) as provided in the first paragraph may bring a lawsuit with the people's court in reference to the provisions of the preceding two paragraphs (If any shareholder of foreign shares is involved, the dispute resolution rules provided in the Articles of Association shall be applicable).

**Article 57** If the directors, senior management violate the laws, administrative regulations or the provisions of the Articles of Association and damage the interests of the shareholders, the shareholders may bring a lawsuit with the people 's court (If any shareholder of foreign shares is involved, the dispute resolution rules provided in the Articles of Association shall be applicable).

Article 36 of the  
Guidelines for Listed  
Companies

**Article 58** The ordinary shareholders of the Company shall assume the following obligations:

Article 37 of the  
Guidelines for Listed  
Companies

- (I) to comply with the laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) not withdraw his shares, except under circumstances as provided by the laws and regulations;
- (IV) shall not abuse the rights of shareholders to damage the interests of the Company or the other shareholders, and not abuse the independent status of the Company as a legal person and the limited liability of shareholders to damage the interests of the Company's creditors; a shareholder of the Company who abuses the shareholders' rights and causes any losses to the Company or the other shareholders, shall be liable for compensation in accordance with the law; and the shareholders of the Company who abuses the independent status of the Company as a legal person and the limited liability of the shareholders to evade debts, and seriously damage the interests of the Company's creditors shall be jointly and severally liable for the debts of the Company;

Mandatory Provisions  
Article 46

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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(V) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the

- (2) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person), by any means, of the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (3) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for a restructuring of the Company submitted to the general meeting of shareholders for approval in accordance with the Articles of Association.

**Section 2    The general provisions of the shareholders' general meeting**

**Article 60** The shareholders' general meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

Article 40 and Article 81 of the Guidance on the Articles of Association for Listing Companies

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace directors and decide on matters relating to the remuneration of directors;
- (3) to elect and replace the supervisors who are not representatives of employees and decide on matters relating to the remuneration of the relevant supervisors;
- (4) to examine and approve reports of the board;
- (5) to examine and approve reports of the Supervisory Committee;
- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution plans, profit distribution policy adjustment and plans for making up losses;

Mandatory Provisions Article 49 & 50

Mandatory Provisions Article 105

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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| (8) to pass a resolution on increase or deduction of the share capital or issuance of any type of shares, warrants or other similar securities of the Company;              | Chapter 9 and Chapter 10 of Listing Rules of Shanghai Stock Exchange  |
| (9) to pass resolutions on issuance of corporate bonds;   |   |
| (10) to pass resolutions on the merger, split, dissolution, liquidation or any change of corporate form of the Company;   |   |
| (11) to amend the Articles of Association;  |   |
| (12) to pass resolutions on the Company's appointments, dismissals or non-reappointments of accounting firms;   | Article 11, 13 and 14 of the Measures for the Administration of Raised Funds by Listed Companies of Shanghai Stock Exchange (Revision 2013)                     |
| (13) to discuss and approve the guarantee matters stipulated in Article 61 of the Articles of Association;  | Article 11, 13 and 14 of the Measures for the Administration of Raised Funds by Listed Companies of Shanghai Stock Exchange (Revision 2013)                     |
| (14) to discuss and approve the related transaction matters stipulated in Article 62 of the Articles of Association;  |   |
| (15) to discuss and approve any connected transaction matters which are subject to approval of the independent shareholders in accordance with the Hong Kong Listing Rules; | Voluntary Supplementation   |
| (16) to discuss and approve the major transactions stipulated in Article 63 of the Articles of Association;   | With reference to Section 7.5.4 of the Guidance on Standardizing Operation of Companies Listed on the Main board of the Shenzhen Stock Exchange (Revision 2015) |
| (17) to discuss and approve the assets purchases and sales stipulated in Article 64 of the Articles of Association;   | With reference to Section 7.5.4 of the Guidance on Standardizing Operation of Companies Listed on the Main board of the Shenzhen Stock Exchange (Revision 2015) |
| (18) to discuss and approve the major external investments stipulated in Article 65 of the Articles of Association;   | With reference to Section 7.5.4 of the Guidance on Standardizing Operation of Companies Listed on the Main board of the Shenzhen Stock Exchange (Revision 2015) |
| (19) to discuss and approve the use of the raised funds stipulated in Article 66 of the Articles of Association;  |   |



**Article 61** The following acts of providing external guarantee (including any guarantee provided by the Company for its subsidiaries) shall be submitted to the shareholders' general meeting for approval upon examination and approval of the board of directors:

Article 9.11 of Listing Rules of Shanghai Stock Exchange  
Article 41 of the Guidelines for Listed Companies

- (1) any single guarantee the amount of which exceeds 10% of the latest audited net asset of the Company;
- (2) any external guarantee to be provided by the Company and its subsidiaries the total amount of which has reached or exceeded 50% of the latest audited net asset of the Company;
- (3) any external guarantee to be provided by the Company the total amount of which has reached or exceeded 30% of the latest audited total asset of the Company;
- (4) any guarantee to be provided to a guarantee whose asset-liability ratio exceeds 70%;
- (5) based on the principle of accumulative calculation of the amounts of guarantee within a consecutive twelve months, any guarantee which exceeds 30% of the latest audited total asset of the Company;
- (6) based on the principle of accumulative calculation of the amounts of guarantee within a consecutive twelve months, any guarantee which exceeds 50% of the latest audited net asset of the Company and

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**Article 62** Any of the following related transactions of the Company shall be subject to examination and approval of the shareholders' general meeting:

- (I) any related transaction between the Company and a related party (excluding the provision of guarantee by the Company, receipt by the Company of cash donation, and any transaction that simply relieves the Company of obligatory debt) of an amount above RMB30 million and which accounts for above 5% of absolute value of latest audited net asset value of the Company; the amounts of transactions between the Company and the same related party or the amounts of transactions with different related parties but with related subject matter within a consecutive twelve months shall be aggregated;
  
- (II) if the accumulative day to day related transactions meet the standards as provided in the (1) paragraph of this Article, the Company may make an estimate of the amount of day to day related transactions which may happen in the current year prior to its disclosure of the annual report of the previous year, and if the estimated amount meet the standard as provided in the (1) paragraph of this Article, such related transactions shall be submitted to the shareholders' general meeting for discussion and approval, and if the estimated amount is exceeded in actual implementation, such related transactions shall be submitted to the board of directors or the shareholders' general meeting again for discussion and approval and shall be disclosed; for the first day to day related transaction, the Company shall have a written agreement with the related party and make disclosure thereof on a timely basis, and such related transaction shall be submitted to the board of directors or the shareholders for discussion and approval, any day to day related transaction for which no total amount is specified in the agreement shall be subject to discussion and approval of the shareholders' general meeting;

Articles 10.2.5, 10.2.11, 10.2.12, 10.2.16 of Listing Rules of Shanghai Stock Exchange Article 97 of the Guidance on the Articles of Association for Listing Companies Article 20 and Article 54-58 of the Guidance on Implementation of Related Transactions of Listing Companies of Shanghai Stock Exchange



- (III) Where the Company and a related party jointly sets up a company which has met the standards of significant related transactions, in which all investors will make capital contribution in cash and will determine the percentage of shareholdings of the parties in the company to be inTA7uorated on the basis of the prouortion of capital contribution;
- (IV) Where a related party offers any financial aids to the Company, the interest rate of such financial aids is not higher than the loan interest rate of the same period stipulated by the People’s Bank of China, and no mortgage or guarantee is offered by the Company for such financial aids;
- (V) A related party provides any guarantee to the Company and the Company does not provide any counter-guarantee.
- (VI) Whereas a same natural person serves as an independent supervisor in the Company and in another legal person or organization and there is no other circumstance which constitute related parties, any transaction to be conducted between such legal person or organization and the Company;
- (VII) Any other circumstances which are exempted from discussion and approval by the shareholders’ general meeting as recognized by the Shanghai Stock Exchange.

For any related transaction which is to be submitted to the shareholders’ general meeting for discussion and approval, during discussion of the transaction, an c.16h212(c1i Gyhich ar noqualica fro orprtioncg)5ervcinges ind anfural inlated pabuse tsshare de coenge odo beauditnd approvais

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|---|--|
| (1) The total assets involved in the transaction (if there are book value and appraisal value at the same time, the higher value shall prevail) will account for not less than 50% of the latest audited total assets of the Company;             | Article 40 (13) of the Guidance on the Articles of Association for Listing Companies |
| (2) The operating income of the subject matter of the transaction for the last financial year accounts for not less than 50% of audited operating income of the Company for the last financial year, and exceeds RMB50 million in absolute value; | Chapter 9 of Listing Rules of Shanghai Stock Exchange                                |
| (3) The net profit of the subject matter of the transaction for the last financial year accounts for not less than 50% of the audited net profit of the Company for the last financial year, and exceeds RMB5 million in absolute value;          |  |
| (4) The volume of the transaction (including assumption of debts and expenses) accounts for not less than 50% of the latest audited net assets of the Company, and exceeds RMB50 million in absolute value;                                       |  |
| (5) The profit to be generated from the transaction will account for not less than 50% of the audited net profit of the Company for the last financial year, and exceed RMB5 million in absolute value.   |  |

The abovementioned “transactions” shall not include any purchase of raw material, fuel and power, and any sales of products and goods and other activities related to day-to-day operations.

Article 9.6 of Listing Rules of Shanghai Stock Exchange

Where a transaction only meets the standards as set out in the above item (3) or item (5), and the absolute value of the earnings per share in the last financial year of the Company is less than RMB0.05, the Company may apply to Shanghai Stock Exchange for an exemption from the requirement of discussion and approval of the shareholders’ general meeting.

The standards of calculation and other procedures to be performed involved in the abovementioned transactions shall be subject to the relevant provisions of the Shanghai Stock Exchange Stock Listing Rules.

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 64** Any of the following acts of purchase and sales of assets shall be subject to discussion and approval of the shareholders' general meeting:

The Measures for the Administration of Reorganization

- (1) The transaction has met the standards as stipulated in Article 63 of the Articles of Association;
- (2) Whether or not the subject matter of the transactions are related, the total assets or volume (the higher of which shall prevail) involved within a year exceeds 30% of the latest audited total assets, or if calculated on consecutive twelve months on the basis of the types of transactions, reaches 30% of the latest audited total assets of the Company;

Article 40 of the Guidelines for Listed Companies  
Article 9.10 of Listing Rules of Shanghai Stock Exchange

If any "purchase or sales of assets" reaches the standards of major assets reorganization of listed companies as stipulated in the Measures for the Administration of Major Assets Reorganization of Listed Companies, the transaction shall be submitted to the shareholders' general meeting for discussion and approval in accordance with the provisions of the Measures for the Administration of Major Assets Reorganization of Listed Companies.

**Article 65** Any of the following major external

- (3) Where the Company conducts any other external investment, the transactions related to the subject matter under the same type of transactions shall be calculated within consecutive twelve months, and if the accumulative amount reaches the abovementioned standards, the transaction shall be submitted to the shareholders' general meeting for discussion and approval;
  
- (4) Where any "purchase or sales of equity" reaches the standards of major assets reorganization of listed companies as stipulated in the Measures for the Administration of Major Assets Reorganization of Listed Companies, the transaction shall be submitted to the shareholders' general meeting for discussion and approval in accordance with the provisions of the Measures for the Administration of Major Assets Reorganization of Listed Companies.

Any calculation of the amount of investment and the procedures to be performed involved in the abovementioned investments shall be subject to the relevant provisions of Chapter 9 of the Listing Rules of the Shanghai Stock Exchange.

**Article 66** Any of the following acts of funds raising shall be subject to discussion and approval of the shareholders' general meeting:                      Article 9 of the be

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- (4) To transfer or replace of the projects invested by raised funds (except for the circumstances under which the transfer or replacement of the projects invested by the raised funds is a part of the scheme of major assets reorganization);
- (5) Any use of the balance of raised funds (including the interest income) after completion of the project invested by the raised funds which accounts for not less than 10% of the net amounts of the raised funds.
- (6) Any other uses of raised funds subject to discussion and approval of the shareholders' general meeting in accordance with the laws, regulations and regulatory documents.

**Article 67** Any of the following changes of the discretionary accounting policies and accounting estimations of the Company shall be subject to discussion and approval of the shareholders' general meeting;

- (1) The impact of which on the audited net profit for the last financial year exceeds 50%;
- (2) The impact of which on the shareholder's equity for the last financial year exceeds 50%;
- (3) The impact of which on the periodic report causes any change in the nature of profit and loss of the Company.

**Article 68** General meetings of shareholders shall be annual general meetings of shareholders and extraordinary general meetings of shareholders. The annual general meeting of shareholders shall be held once a year within six months after the end of the last financial year.

Voluntary  
Supplementation  
with reference  
to the Guidance  
on Standardizing  
Operation of  
Companies Listed  
on the Main board of  
the Shenzhen Stock  
Exchange (Revision  
2015)

Article 42 of the  
Guidelines for Listed  
Companies  
Mandatory Provisions  
Article 52

**Article 69** The board shall hold an extraordinary general meeting of shareholders within two months upon the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) the uncovered losses are in excess of one third of the Company's total share capital;
- (3) Upon written request of a shareholder or shareholders collectively holding not less than 10% of the shares of the Company;
- (4) Where the board of directors deems necessary;
- (5) Upon proposal of the Supervisory Committee;
- (6) Any other circumstances stipulated by the laws, administrative regulations, department rules or the Articles of Association.

Article 101 of the Company Law, Article 43 of the Guidance on the Articles of Association for Listing Companies

The Company shall specify the number of members in the paragraph (1) of this Article in the Articles of Association. Mandatory Provisions Article 52

**Section 3 Convening of the shareholders' general meeting**

**Article 70** Unless otherwise provided by the Articles of Associations, a shareholders' general meeting shall be convened by the board.

Voluntary  
Supplementation

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 71** Upon consent of more than half of the independent directors, the independent directors may propose in writing to the board of directors for convening an extraordinary general meeting. In respect of any proposal of the independent directors for convening an extraordinary general meeting, the board of directors shall provide a written feedback opinion of an agreement or disagreement to convene an extraordinary general meeting within ten days of receipt of the proposal in accordance with the provisions of the laws, administrative regulations and the Articles of Association.

Article 5 of the  
Guiding Opinions on  
the Establishment of  
Independent Director  
System in Listed  
Companies  
Article 46 of the  
Guidelines for Listed  
Companies

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**Article 73** A shareholder or shareholders who individually or collectively holds or hold not less than 10% of the shares of the Company may propose to the board of directors for convening an extraordinary general meeting, and such proposal shall be made in writing and submitted to the board of directors. If the matters to be proposed for discussion and approval at the extraordinary general meeting are matters subject to discussion and approval of any specific class meeting of shareholders as provided by the Articles of Association, then the shareholder(s) shall be deemed to have also proposed to convene the shareholders' class meeting. Two (2) or more shareholders holding in

Article 48 of the  
Guidelines for Listed  
Companies  
Mandatory Provisions  
Article 72

1) or more  
counterpart requisitions stating the object of the meeting and requiring the board to convene a shareholders' extraordinary  
  
shareholdings referred to above shall be calculated as tt the date of deposit of the requisition(s).

The board of directors shall provide a written feedback opinion of an agreement or disagreement to convene an extraordinary general meeting within ten (10) days of receipt  
  
administrative regulations and the Articles of Association.

Where the board of directors agrees to convene an extraordinary general meeting, the board of directors shall send the notice of shareholders' general meeting within five (5) days of passing the resolution of the board, and any change to the original proposal in the notice shall obtain the consent of the relevant shareholders.

Where the board of directors disagrees to convene  
a n e x t r a o r d i n a r y g e n e r a l m e e t i n g  
feedback within ten (10) days of receipt of the proposal, the shareholder or shareholders who individually or collectively

may propose to the Supervisory Committee for convening an extraordinary general meeting, and such proposal shall  
  
Committee.

Where the Supervisory Committee agrees to convene an extraordinary general meeting, the Supervisory Committee shall send the notice of shareholders' general meeting within five (5) days of receipt of the proposal, and any change to the original proposal in the notice shall obtain the consent of the relevant shareholders.

Where the Supervisory Committee fails send a notice of shareholders' general meeting within the prescribed period, the Supervisory Committee shall be deemed to have refused to convene and preside over the shareholders' general meeting, the shareholder or shareholders who has or have individually or collectively held not less than 10% of the shares of the Company for consecutive ninety (90) days by the date of notice of the shareholders' general meeting may by himself or themselves convene and preside over the shareholders' general meeting.

**Article 74** Where the Supervisory Committee or the shareholder(s) decide to convene a shareholders' general meeting, they shall give the board of directors a written notice thereof and file with the detached office of the CSRC at the place where the Company is located and the Shanghai Stock Exchange at the same time.

Article 8.2.5 of Listing  
Rules of Shanghai  
Stock Exchange  
Article 49 of the  
Guidelines for Listed  
Companies

The convening shareholder(s) shall hold not less than 10% of the shares before announcement of the resolution of the shareholders' general meeting, and the convening shareholders shall at the time of notice of the shareholders' general meeting and announcement of the resolution of the shareholders' general meeting provide the relevant evidentiary documents to the detached office of the CSRC

**Article 75** For any shareholders' general meeting convened by the Supervisory Committee or shareholders by itself or themselves, the board of directors and the secretary of the board of directors shall cooperate. The board of directors shall provide the registry of members as of the record date. Where the board of directors fails to provide the registry of members, the convenor may apply to the securities depositary and clearing body to retrieve such register of member with the relevant announcement of notice of the shareholders' general meeting. The registry of members obtained by the convenor shall not be used for any other purpose other than convening the shareholders' general meeting.

Article 50 of the Guidelines for Listed Companies  
Article 11 of the Rules of Procedure of the Shareholders' general meeting

**Article 76** Where the Supervisory Committee or the shareholder(s) convenes a shareholders' general meeting by itself or themselves, the reasonable expenses so incurred shall be borne by the Company, and shall be deducted from any amount payable by the Company to the directors who are negligent in the performance of duties.

Article 51 of the Guidelines for Listed Companies  
Mandatory Provisions  
Article 72

**Section 4 Proposal and Notice of the Shareholders' general meeting**

**Article 77** Where the Company holds a shareholders' general meeting, the board of directors, the Supervisory Committee and the shareholder or shareholders who individually or collectively hold not less than 3% of the shares of the Company may put forward a proposal to the Company (including a proposal of nomination of directors or supervisors). For election of independent directors by the Company, the board of directors, the Supervisory Committee and the shareholder or shareholders who individually or collectively hold not less than 1% of the shares of the Company may nominate independent directors candidates.



**Article 79** When the Company convenes a shareholders' general meeting, it shall issue a written notice and make announcement forty-five (45) days prior to the meeting informing all the registered shareholders of the matters to be discussed and approved at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the shareholders' general meeting shall, within twenty (20) days prior to the meeting, deliver a written reply to the Company.

Mandatory Provisions  
Article 53

**Article 80** The Company shall, based on the written replies received twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches not less than one half of the Company's total voting shares, the Company may hold the general meeting. If not, the Company shall within five (5) days notify the shareholders again by notice of the matters to be considered, the place and the date of the meeting. The Company then may hold the meeting after such publication of such notice.

Mandatory Provisions  
Article 55

**Article 81** A notice of the general meeting shall meet the following requirements:

- (1) be in writing;
- (2) specify the time, place of the meeting and the period of the meeting;
- (3) state the matters to be discussed at the meeting;

Article 55 and its notes of the Guidance on the Articles of Association for Listing Companies (the gap between the date of record and the date of the meeting shall not exceed 7 working days, and the date of record shall not be changed once fixed)

- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and the cause and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of the material interests of any Director, supervisor, general managers and other senior management in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
- (6) contain the full text of any special resolution to be proposed at the meeting;
- (7) contain a noticeable writing statement that all shareholders registered on the record date shall be entitled to attend the shareholders' general meeting, and may in writing authorized one or more proxy to attend the meeting and vote at the meeting in accordance with the provisions of the laws, regulations and the Articles of Association, and such proxy may be a person other than a shareholder of the Company;
- (8) specify the time and place for lodging proxy forms for the relevant meeting.
- (9) state the date of registration of equity entitlements for shareholders having the right to attend the general meeting;
- (10) state the names and contact telephone numbers of the contact persons in connection with the meeting;
- Mandatory Provisions  
Article 56

**Article 82** Notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or postage prepaid mail to the address of the shareholder as shown in the register of shareholders, unless otherwise provided by the relevant laws, regulations and the securities regulations at the place of listing of the shares of the Company and the Articles of Association.

Where the Company has served the abovementioned notice of meetings to their authorized overseas agency, it shall be deemed that the relevant requirements of serving notice of meeting on the shareholders of the overseas listed foreign shares as specified in this Article have been satisfied.

For the holders of domestic shares, notice of the meetings may also be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published on one or more newspapers designated by the securities regulatory authority of the State Council during the period of 45 to 50 days prior to the date of the meeting, and once the public announcement is made, it shall be deemed that all shares of domestic shares have received the notice of the relevant shareholders' general meeting.

**Article 83** Where selection of directors and supervisors are to be discussed at the shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose the detailed information of the director and supervisor candidates, including at least the following information:

- (1) Educational background, working experience, part-time occupation and other personal circumstances;
- (2) Whether or not such candidates have a connected relationship with the Company or the controlling shareholder or the de factor controller of the Company;
- (3) Disclosure of the number of shares in the Company held;

Mandatory Provisions  
Article 57

Hong Kong Listing  
Rules Appendix 3  
Paragraph 7(3)

The Letter of the China  
Securities Regulatory  
Commission Overseas  
Listing Department on  
the Requirements for  
the Overseas Listed  
Companies Delivering  
Notice of Meetings to  
the Shareholders of  
the Overseas Listed  
Foreign Shares

Article 56 of the  
Guidelines for Listed  
Companies

- (4) Whether or not such candidates have ever been penalized by the CSRC and other relevant authorities or disciplined by a stock exchange.
- (5) The information about any newly appointed or redesignated directors or supervisors which shall be disclosed as required by the listing rules at the place where the shares of the Company are listed.

Save for selection of directors and supervisors by the accumulative voting system, nomination of each director and supervisor candidate shall be proposed made by a separate proposal.

**Article 84** After despatch the notice of the shareholders' general meeting, the shareholders' general meeting shall not be delayed or cancelled and the proposal set out in the notice of the shareholders' general meeting shall not be withdrawn without proper reasons. In the case of delay or cancellation, the convenor shall make a public announcement and explain the reasons at least two (2) working days prior to the originally scheduled date of meeting.

Article 57 of the  
Guidelines for Listed  
Companies

**Section 5 Convention of the Shareholders' general meeting**

**Article 85** The board of directors and other convenors shall take necessary measures to ensure the order of the shareholders' general meeting. For any acts of interference in the meeting, provocation and infringement upon the lawful rights and interests of the shareholders, measures shall be taken to stop such acts and a report shall be made to the competent authority for investigation and punishment.

Article 58 of the  
Guidelines for Listed  
Companies

**Article 86** The shareholders' general meeting shall be generally held on main place of business of the Company.

The shareholders' general meeting shall be generally held at a meeting place, and in the form of an on-site meeting.

The Company shall, subject to the lawfulness and validity of the shareholders' general meeting, by taking

Article 44 of the Guidance on the Articles of Association for Listing Companies, and Article 80 of the Detailed Rules for Implementation of Online Voting for Listing Companies of the Shanghai Stock Exchange  
(Revision 2015)

- (4) Other matters upon the request of the Company.

**Article 88** The shareholders registered on the record date or their proxy shall be entitled to attend the shareholders' general meeting and exercise their voting rights at the meeting in accordance with the laws, regulations and the Articles of Association.

Articles 59 and 55  
of the Guidelines for  
Listed Companies

The period between the record date and the date of the meeting shall not exceed seven (7) working days. The record date cannot be changed once fixed.

Mandatory Provisions  
Article 59

A shareholder may in person attend the shareholders' general meeting, and may also authorize a proxy to attend the shareholders' general meeting and vote on his behalf. The proxy may, pursuant to the instructions of the shareholder, exercise the following rights:

- (1) the right which the shareholder has to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

**Article 89** An individual shareholder who in person attends the meeting shall present his own identity card or other valid document or certificate to prove his identity, the stock account card; a proxy attends the meeting on behalf of a shareholder shall present his own valid identity documents and the proxy issued by the shareholder.

Article 60.1 of the  
Guidelines for Listed  
Companies

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Mandatory Provisions  
Article 61  
Article 63 of the  
Guidelines for Listed  
Companies

**Article 90** For a corporate/other organization shareholder, its legal representative/person in charge, or the proxy authorized by its legal presentative/person in charge or the board of directors or other decision-making body may attend the meeting. Where a legal representative/person in charge attends the meeting, he shall present his own identity card, a valid certification proving his capacity as the legal representative/person in charge; and where a proxy attends the meeting, the proxy shall present his own identity card, and the written proxy duly issued by the legal representative/person/other organization in charge or the board of directors or other decision-making body of the corporate/other organization shareholder.

Article 60.2 of the  
Guidelines for Listed  
Companies

If the said shareholder is a recognized clearing house defined in relevant regulations by the stock exchange from time to time, on which the shares of the Company are listed (the “Recognized Clearing House”) (or his proxy), the shareholder may authorize one (1) or more suitable person to act as its representative at any shareholders’ general meeting or at any class meeting; however, if more than one (1) person are authorized, the power of attorney shall clearly indicate the number and types of the shares involved by way of the said authorization. The persons after such authorization may represent the Recognized Clearing House (or his proxy) to exercise the rights, as if they were the individual shareholders of the Company.

**Article 91** A proxy issued by a shareholder authorizing another person to attend the shareholders’ general meeting on his behalf shall specify the following information:

Articles 61 and 62  
of the Guidelines for  
Listed Companies

- (1) The name of the proxy;
- (2) Whether or not the proxy has a voting right;

- (3) Instructions of voting for and against or waiving the voting right in respect of every and each matter to be discussed as set out in the agenda of the shareholders' general meeting;
- (4) The issuing date and the valid period of the proxy;
- (5) The signature of the appointer (or seal). If the appointer is a domestic corporate shareholder, it shall be affixed with the common seal of the corporate shareholder, and if the appointer is a overseas corporate shareholder, it shall be affixed with the common seal of the corporate shareholder or signed by its directors or a duly authorized agent.

Mandatory Provisions  
Article 60  
Mandatory Provisions  
Article 62

Any form issued to a shareholder by the board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favour of or against each resolution relating to each matter to be considered at the relevant meeting. Such form shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

**Article 92** Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Mandatory Provisions  
Article 63

**Article 93** The meeting register for the attendees of the meeting shall be prepared by the Company. The meeting register shall specify the names of the attendees (or the name of the unit), their identity card number, the address, the number of shares attached with voting right held or represented, the name of the appointer (or the name of unit) and other matters.

Article 64 of the  
Guidelines for Listed  
Companies

**Article 94** When the Company holds a shareholders' general meeting, all directors, supervisors and the secretary of the board of directors shall attend the meeting, and the general manager and other senior management shall also attend the meeting as non-voting attendees; however, for special reasons, such persons are allowed not to attend the meeting or not to attend the meeting as non-voting attendees upon approval of the meeting convenor.

Article 66 of the  
Guidelines for Listed  
Companies

**Article 95** If the shareholders' general meeting is convened by the board of directors, the Chairperson of the board of directors shall act as the chairperson of the meeting and preside over the meeting. If the Chairperson cannot or fails to fulfill his duty, the Vice Chairperson of the board of directors shall act as the chairperson of the meeting and preside over the meeting; if the Vice Chairperson cannot or fails to fulfill the duty thereof, one director shall be elected to act as the chairperson of the meeting and preside over the meeting with the approval of not less than half of the directors.

Article 67 of the  
Guidelines for Listed  
Companies  
Mandatory Provisions  
Article 73

If the shareholders' general meeting is convened by the Supervisory Committee, the Chairperson of the Supervisory Committee shall act as the chairperson of the meeting and preside over the meeting. If the Chairperson of the Supervisory Committee cannot or fails to fulfill his duty, one supervisor shall be elected to act as the chairperson of the meeting and preside over the meeting with the approval of not less than half of the supervisors.

If the shareholders' general meeting is convened by the shareholder(s) themselves, the representative nominated by the convenors shall act as the chairperson of the meeting and preside over the meeting. If the convenor fails to attend the shareholders' general meeting, the chairperson and moderator of the meeting shall be elected by more than half of the voting shares represented by the shareholders present at the shareholders' general meeting.

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APPENDIX III                      AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)  
(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)

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At the time of shareholders' general meeting, where the moderator of the meeting violates the Articles of Association and the rules of procedure and causes the shareholders' general meeting to be unable to continue, the chairperson and moderator of the meeting shall be otherwise elected by more than half of the shares with voting rights by the shareholders present at the shareholders' general meeting, and the shareholders' general meeting shall continue.

If no moderator for the meeting is designated, the shareholders present at the meeting shall elect one person as the moderator; if the shareholder fails to elect a moderator for any reason, the shareholder (or his proxy) who is present at the meeting and holds the largest number of shares with voting rights shall act as the chairperson and moderator of the meeting.

**Article 96** The Company shall prepare the rules of procedure for the shareholders' general meeting, specifying the procedures of convention and voting procedures of the shareholders' general meeting, including notice, record, discussion of the proposals, voting, votes counting, announcement of the voting result, formation of resolution of the meeting, the meeting minutes and its signatures, the public announcement and other contents, and the principles of authorization to the board of directors by the shareholders' general meeting, and the contents of the authorization shall be specific and explicit. The rules of procedure of the shareholders' general meeting shall be incorporated as an appendix to the Articles of Association, and shall be prepared by the board of directors and approved by the shareholders' general meeting.

Article 68 of the  
Guidelines for Listed  
Companies

**Article 97** In an annual general meeting, the board of directors and the Supervisory Committee shall make a report of their works in the past year to the shareholders' general meeting. Each independent director shall also make his duty report.

Article 69 of the  
Guidelines for Listed  
Companies

**Article 98** The directors, supervisors, senior management shall give explanation and account for the inquiries and suggestions of the shareholders.

Article 70 of the  
Guidelines for Listed  
Companies

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 99** The shareholders' general meeting shall have a meeting minutes, for which the secretary of the board of directors shall be responsible. The minutes shall contain the following items:

Article 72 of the  
Guidelines for Listed  
Companies

- (1) The time, place and agenda of the meeting, and the name of the convenor(s);
- (2) The names of the chairperson/moderator and the directors, supervisors, general managers and other senior management who attend the meeting or attend the meeting as non-voting attendees;
- (3) The number of shareholders and proxies present at the meeting, the total number of shares with voting rights and the percentage it represents of the total number of shares of the Company;
- (4) The course of discussion of each proposal, the main points of speeches and the voting result;
- (5) The inquiries or suggestions of the shareholders and the corresponding explanation or account.
- (6) The name of the lawyer, the votes counter and the scrutineer;
- (7) Other contents which shall be included in the meeting minutes as required by the laws, administrative regulations, department rules or the Articles of Association.

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Artic13 72 of the  
Guidelines for Listed  
Companies

**Article 101** The convenor shall ensure the continuous proceeding of the shareholders' general meeting until a final resolution is formed. If the shareholders' general meeting is suspended or fails to form a resolution due to force majeure or any other special reasons, the necessary measures shall be taken to resume the shareholders' general meeting as soon as possible or directly terminate the shareholders' general meeting and make a public announcement. Meanwhile, the convenor shall report to the detached office of the CSRC at the place where the Company is located and the Shanghai Stock Exchange.

Article 84 of the Guidelines for Listed Companies

### **Section 6 Voting and Resolution of the Shareholders' general meeting**

**Article 102** There shall be two (2) types of resolutions of shareholders' general meetings, namely ordinary resolutions and special resolutions.

Articles 75 and 82 of the Guidelines for Listed Companies Mandatory Provisions Article 64

To adopt an ordinary resolution, votes representing not less than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

Article 31 of the Code of Corporate Governance for Listed Companies, the process of election of the board of directors shall fully reflect the opinions of the minority shareholders.

To adopt a special resolution, votes representing not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

The shareholders' general meeting shall actively carry out the cumulative voting system in the election of the board of directors.

When appointment of two or more directors or non-employee representative supervisors is ( non-)]TJ-2.15una( repling mus5 Tc.24250Tw[(as)4.5( poss')7

A listed company in which the controlling shareholder(s) hold(s) 30% or above shares of the Company shall adopt cumulative voting system. The listed company which has adopted the cumulative voting system shall specify the detailed implementation rules of the system.

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APPENDIX III                      AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)  
(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)

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- Article 103** The following matters shall be resolved by a special resolution at a shareholders' general meeting:
- (1) any increase or reduction of the registered capital and issue of shares of any class, warrants or other similar securities; Article 77 of the Guidelines for Listed Companies
  - (2) any split, merger, dissolution, liquidation; Mandatory Provisions Article 70 & 71
  - (3) any amendment to the Articles of Association;
  - (4) any issuance of corporate bonds;
  - (5) any transactions involved in the section (2) of Article 64 o of the Articles of Association; Article 9.11 of Listing Rules of Shanghai Stock Exchange
  - (6) any guarantees involved in the section (3) of Article 61 o of the Articles of Association; Article 81 of the Guidelines for Listed Companies
  - (7) any equity incentive plan;
  - (8) save as where the Company is going through a crisis or under other special circumstances, the Company shall enter into a contract with a person other than the directors, general manager and other senior management under which such person will take over the whole or any substantial part of the business of the Company. Article 8 of the SSE Guidance on Cash Dividends Distribution for Listing Companies
  - (9) where the profit distribution plan of the current year cannot be determined according to the established cash dividend policy or the minimum proportion of cash dividend distribution;
  - (10) any other matters required by the provisions of the laws, administrative regulations, regulations which the securities in the place of listing of the stocks of the Company will be subjected to or this Articles of Association, and other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to have a substantial impact on the Company and require approval by a special resolution.

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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Except for the abovementioned matters and in the circumstances which the system of cumulative voting shall be adopted, the other matters to be discussed by the

**Article 105** When the shareholders' general meeting resolves on the related transaction of the Company, the related shareholders shall refrain from voting and the number of voting shares that they represent may not be counted as part of the total number of valid voting. The public announcement of the shareholders' general meeting shall fully disclose the voting of non-related shareholders.

Article 10.2.2 of  
Listing Rules of  
Shanghai Stock  
Exchange

The convenor of the general shareholders' meeting shall be responsible for reviewing whether or not the matters deliberated at the meeting constitutes related transactions in accordance with the normative documents such as laws, administrative regulations, departmental rules and regulations of the Shanghai Stock Exchange. Before the shareholders'



- (3) one (1) or more shareholders (including proxies) individually or jointly holding more than 10% (inclusive) of the voting shares represented by all shareholders present at the meeting.

Unless a poll is so demanded, a declaration by the chairperson of the meeting that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes in favour or against such resolution at the meeting.

The demand for a poll may be withdrawn by the person who makes such demand.

When voting by ballot, disclosed ballot shall be adopted for the voting.

**Article 112** If the matter required for voting by ballot is the election of chairperson or suspension of the meeting, immediate voting by ballot shall be conducted; for the other matters that require voting by ballot, the chairperson shall determine when to vote, and the meeting can move on to discuss other matters. The voting results shall still be deemed as the resolution adopted at that meeting.

Mandatory Provisions  
Article 67

**Article 113** Before resolutions are voted at the shareholders' general meeting, the chairperson of the meeting shall identify two shareholders' representatives to participate in the counting and scrutinizing the votes. Where the matters to be discussed are of interest to the shareholders, the relevant shareholders and proxies shall not participate in counting and scrutinizing the votes.

Article 87 of the  
Guidelines for Listed  
Companies

For resolutions voted on the shareholders' general meeting, lawyers, shareholder's representatives and supervisor's representatives shall be responsible for counting and scrutinizing the votes jointly, and announcing the result of the voting on the spot. The voting result of the resolution shall be recorded in the meeting minute.

The shareholders of the Company or their proxies who vote through the internet or other methods shall have the right to examine their voting results through the corresponding voting system.

**Article 114** The conclusion of the on-site shareholders' general meeting shall not be earlier than the shareholder's general meeting via internet or by other means, and the chairperson of the meeting shall declare the voting status and the results of each resolution and declare whether the resolution is adopted according to the results of the voting. The voting results of the resolution shall be recorded in the meeting minutes.

Article 88 of the  
Guidelines for Listed  
Companies  
Mandatory Provisions  
Article 74

Before the official announcement of the results of the voting, the companies, votes counters, votes monitors, major shareholders, network servicer and other related parties involved in the site, online and other voting of the general shareholders' meeting shall assume the confidentiality obligations to the voting status.

**Article 115** In the event of voting by ballot, the shareholders attending the shareholders' general meeting shall issue one of the following opinions on the proposals submitted for voting: Consent, objection or waiver.

Article 89 of the  
Guidelines for Listed  
Companies

Unfilled, wrongly filled (Except for the cumulative votes for the election of directors or supervisors, including the case where the same shareholder or different proxies entrusted by the same shareholder cast different votes on the same proposal or the voluntary division of voting shares to cast different votes on the same proposal) and illegible votes, as well as the votes not casted shall be deemed as a waiver of the voting right by the voter, and the voting results of the shares held by such voter shall be counted as "Waiver".

**Article 116** In the event of voting by ballot, if the chairperson of the meeting has any doubt to the result of the resolution submitted, he/she may organize vote counting on the casted votes, which shall be monitored by the supervisors, shareholders' representatives and the witnessing lawyers jointly; if the chairperson of the meeting does not count the votes, while the shareholders or shareholders' proxies attending the meeting have objection to the results announced by the chairperson of the meeting, they shall have the right to request the counting immediately after the announcement of the result of the voting. The chairperson of the meeting shall immediately organize the counting of votes.

Article 90 of the  
Guidelines for Listed  
Companies  
Mandatory Provisions  
Article 75

In the event that the votes are counted at the shareholders' general meeting, the counting results shall be recorded in the minutes of the meeting. The minutes of meeting and the attendance records signed by the attending shareholders and the instruments appointing proxies shall be kept at the Company's domicile or its actual office of operation.

Mandatory Provisions  
Article 76



**Section 7 Special Procedures for Voting by A Class  
of Shareholders**

**Article 122** Shareholders holding different classes of shares shall be class shareholders.                      Mandatory Provisions  
Article 78

Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of the law, administrative regulations and the Articles of Association.                      Hong Kong Listing  
Rules Appendix 3  
Paragraphs 10(1) & (2)

Where the capital of the Company includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares.

Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the preferential voting rights, must include the words “restricted voting” or “limited voting”.

**Article 123** Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a shareholders’ general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with the Mandatory Provisions Article 81-Article 85.                      Mandatory Provisions  
Article 79

**Article 124** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a certain class:                      Mandatory Provisions  
Article 80

- (1) to increase or decrease the number of shares of a particular class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right to exchange of all or part of the shares of other classes into shares of such class;

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
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- (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to shares of such class;
- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of

**Article 125** Shareholders of the affected class, whether or not having the right to vote at the shareholders' general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in clause (2) to (8) and (11) to (12) of Article 80 of the Mandatory Provisions, but interested shareholders shall not be entitled to vote at class meetings.

Mandatory Provisions  
Article 81

The "interested shareholders" mentioned in the preceding paragraph shall have the following meanings:

(1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on a pro rata basis or through public dealing on a stock exchange in accordance with Article 25 of the Mandatory Provisions, "interested shareholder" shall refer to the controlling shareholders as defined in Article 48 of the Mandatory Provisions;

(2) in the case of a repurchase of its own shares by

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**Article 127** Written notice of a class meeting convened by the Company shall be dispatched forty-five (45) days prior to the date of the class meeting to all shareholders of such class whose names appear on the register of shareholders, specifying the matters to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend twenty (20) days prior to the date of the meeting.

Mandatory Provisions  
Article 83

If the number of voting shares at such meeting held by shareholders who intend to attend such meeting reaches not less than one-half of the total number of voting shares at such meeting, the Company may hold such class meeting; if this cannot be attained, the Company shall further notify the shareholders by way of announcement within five (5) days thereof specifying the matters to be considered and the date and place of the meeting. After such announcement has been given, the Company may then hold the class meeting.

**Article 128** Notices of the class meeting only need to be served on shareholders entitled to vote thereat.

Mandatory Provisions  
Article 84

The procedures for holding the class meeting shall be similar to those for holding the shareholders' general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a shareholders' general meeting shall apply to the class meeting.

**Article 129** Save for shareholders of shares of other classes, the holders of domestic shares and holders of overseas-listed foreign shares are deemed to be different classes of shareholders.

Mandatory Provisions  
Article 85

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**Article 131** The Company shall not provide loans directly or indirectly to the directors.

Article 10.2.3 of the Stock Listing Rules

**Article 132** Failure by the directors to attend and entrust other directors to attend the meeting of the board of directors twice shall be deemed as failure to perform their duties. The board of directors shall propose to the general shareholders' meeting for dismissal and replacement.

Article 99 of the Guidelines for Listed Companies

The directors who attend the meeting of the board of directors less than two-thirds of the number of meetings of the board of directors in the current year shall accept the review of the Supervisory Committee on the fulfillment of their duties.

Article 31 of "Guidelines for directors' Conduct" of Shanghai Stock Exchange

The directors who attend less than one half of the number of meetings of the board of directors in person within one year, without the special reasons such as disease, overseas work or study, etc., shall be deemed as not suitable to serve as the directors of the listed company. The board of directors shall propose to the general shareholders' meeting for dismissal and replacement.

Article 4(5) of the Guiding Opinions on the Establishment of Independent Director System in Listed Companies

Where an independent director fails to attend the meeting of the board of directors in person for three times in succession, the board of directors shall propose to the general shareholders' meeting for dismissal and replacement.

**Article 133** The directors may apply for resignation before the expiration of their term of office. The resignation of directors shall be submitted to the board of directors in the form of written resignation report. The board shall make relevant disclosure within two days.

Article 100 of the Guidelines for Listed Companies

Where the number of directors is less than the quorum stipulated for board meeting due to the resignation of directors, or the number of independent directors is less than one third of the number of board of directors or absence of accounting professionals in the independent directors due to the resignation of independent directors, the resignation report shall not enter into force until the vacancy arising from the resignation is filled by the next director or independent director. Before the re-elected directors/independent directors take office, the original directors shall continue to perform their duties in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Make self supplementation according to the capital market practice

In the circumstances other than the ones listed above, the resignation of directors shall take effect when the resignation report is served on the board of directors.

In the event of resignation of directors, the Company shall complete the re-election within two months after the resignation report is served on the board of directors.

**Article 134** Upon the entry into force of the resignation of directors or expiration of the term of office, directors shall fulfill all the handover procedures with the board of directors. And, their fiduciary duties to the Company and shareholders shall remain in force within two years after the expiration of the term of office. The directors shall have the duty of confidentiality to the Company's commercial secrets during the term of office until the date on which the trade secrets become public information. The duty of confidentiality of the directors shall not be terminated due to their dismissal.

Article 101 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 118

**Article 135** No director may act in his/her own name on behalf of the Company or the board of directors without the legal authorization of the Articles of Association or the board of directors. Where a director act in his/her own name, and a third party may reasonably believe that the director is acting on behalf of the Company or the board of directors, the director shall declare his/her position and capacity in advance.

Article 102 of the  
Guidelines for Listed  
Companies

**Article 136** Where directors violate the laws, administrative regulations, departmental rules or the provisions of the Articles of Association when they perform their duties of the Company and cause losses to the Company, they shall assume the liability for compensation.

Article 103 of the  
Guidelines for Listed  
Companies

**Article 137** Independent directors should safeguard the interests of the company as a whole, with particular attention to prevent the legitimate rights and interests of minority shareholders from any damage. Independent directors shall perform their duties independently and shall not be affected by the majority shareholders, de facto controllers, or other entities or individuals who have a stake in the Company. The Company shall provide the necessary convenience for the independent directors to exercise their functions and powers. The qualifications, duties and authorities of the independent directors shall be governed by the relevant provisions of laws, administrative regulations, departmental rules and regulations.

Article 104 of the  
Guidelines for Listed  
Companies

Article 1(2) of the  
Guiding Opinions on  
the Establishment of  
Independent Director  
System in Listed  
Companies

**Article 138** Independent directors of the Company shall meet the following conditions in addition to the qualifications of director as prescribed in the Articles of Association:

Section 2 of the Guidelines for the Filing and Training of Independent directors of Listed Companies at Shanghai Stock Exchange

- (1) With the basic knowledge of the operation of listed companies, familiar with the relevant laws, administrative regulations, departmental rules and other normative documents, with more than five years of legal, economic, financial, management or other work experience necessary for the performance of the duties of independent director, and has obtained the qualification certificate for independent director according to the “Guidelines for the Training of Senior Executives of Listed Companies” issued by the China Securities Regulatory Commission and the relevant provisions;
- (2) In the absence of one of the following circumstances:
  1. Persons who work in the Company or subsidiaries and their immediate family members and major social relations;
  2. Shareholders directly or indirectly holding more than one percent of the issued shares of the Company or the natural person shareholders of the top ten shareholders of the Company and their immediate family members;
  3. Persons who work in a legal person shareholder directly or indirectly holding more than 5% of the issued shares of the Company or the top five legal person shareholders of the Company and their immediate family members;
  4. Persons who work in the de facto controller of the Company and its subsidiaries;
  5. Persons who provide financial, legal, advisory and other services to the Company and its controlling shareholders or their respective subsidiaries, including all the staff of the project team of the intermediary providing the service, the reviewers at all levels, the persons who sign the report, the partners and the main responsible persons thereof;

6. Persons serving as directors, supervisors or senior management in the companies with which the Company and its controlling shareholders, or their respective subsidiaries have material business dealings, or persons serving as directors, supervisors or senior management at the controlling shareholders' company of the aforesaid business contact;
7. Persons who had fallen within the above 6 categories in the past year;
8. Persons who have been serving as an independent director in the Company for six consecutive years;
9. Persons who have served as an independent director in five domestic listed companies;
10. During the term of office, the independent directors who fail to attend the meeting of the board of directors for two consecutive times, or that the number of failure to attend the meeting of board of directors accountants' a5n o-.8184 -1.288876 D.0732Tc.246n

**Article 139** Independent directors shall fully exercise the following special powers:

- (1) In accordance with the Articles of Association and other relevant regulations, the related party transactions to be approved by the board of directors or general shareholders' meeting shall be submitted to the board of directors for discussion after the approval of the independent directors. Independent directors may, before making a judgment, engage an intermediary to issue an independent financial adviser report;
- (2) to propose to the board of directors for the engagement or dismissal of accounting firms;
- (3) to propose to the board of directors for the convening of an extraordinary shareholders' meeting;
- (4) to propose to convene a meeting of the board of directors;
- (5) totions, independlyat

Article 5 of the Guiding Opinions on the Establishment of Independent Director System in Listed Companies

Article 12 of "Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies"

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APPENDIX III                      AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)  
(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)

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**Article 140** Independent directors shall express their independent opinions on the following material matters of the Company:

- (1) Nomination, appointment and removal of directors;
- (2) Appointment and dismissal of senior management;
- (3) Remuneration of directors and senior management personnel;
- (4) Related party transactions, external guarantee (not including the guarantee provided by subsidiaries within the scope of the consolidated financial statements), entrusted asset management, external financial assistance, investment in stocks and derivative products and other material matters that shall be disclosed;
- (5) Major asset restructuring plan, equity incentive plan and employee stock ownership plan;
- (6) The profit distribution plan submitted by the board of directors to the general shareholders' meeting, in particular the profit distribution plan and the profit distribution policy adjustment proposals which do not include cash dividends when the Company is profitable in the current year;

Article 6 of the Guiding Opinions on the Establishment of Independent Director System in Listed Companies

Articles 9.12 and 10.2.8 of Listing Rules of Shanghai Stock Exchange

Article 20 of the Measures for the Administration of Major Assets Reorganization of Listed Companies  
Article 29 of the Measures for the Administration of Equity Incentives for Listed Companies

Article 8 of Guidelines for Cash Dividend of Shanghai Stock Exchange

- (7) Provision of special explanation and independent opinions on the accumulative and current related guarantee of the Company, the capital appropriation of the Company’s controlling shareholders and other related parties, and the situation where the Company cannot determine the profit distribution plan of the current year in accordance with the established cash dividend policy or the minimum cash dividend ratio in the annual report;
- (8) The following matters in relation to use of funds raised by the Company:
- (i) the temporary use of idle funds raised to supplement the working capital;
  - (ii) to conduct cash management on the idle funds raised;
  - (iii) within six months after the funds were raised, the replacement of self-raised funds which have been invested in the project which ought to be financed by the raised funds by the funds raised;
  - (iv) change of the use of funds raised or using the balance of the funds raised for an individual project invested by the raised funds to finance other projects;
  - (v) intended transfer or replacement of the investment projects financed by the raised funds (except for the case where the transfer or replacement of the investment projects financed by the raised funds is part of a major asset restructuring plan);
  - (vi) after the completion of an individual investment project financed by the raised funds, the Company using the balance of the raised funds of the project (including the interest income) for other investment projects, provided that the balance of the raised funds (including the interest income) that is less than one million or lower than five percent of the committed investment amount of that project shall be excluded;
- “Notice of China Securities Regulatory Commission and the State-owned Assets Supervision and Administration Commission of the State Council on Several Issues Concerning the Standardization of Funds Transfers between Listed Companies and Related Parties and External Guarantees of Listed Companies” III (V)
- Article 12, Article 14, Article 15, Article 17, Article 18, Article 19 and Article 20 of the Measures for the Administration of Raised Funds for Listed Companies (Revised in 2013) of Shanghai Stock Exchange
- In reference to the Guidelines on the Standard Operation of Listed Companies on the Main board of Shenzhen Stock Exchange (Revised in 2015)” 7.5.4 and Article 5 of the Guiding Opinion on the Establishment of Independent Director System in Listed Companies

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- (vii) after the completion of all investment project financed by the raised funds, the use of the balance of the raised funds (including the interest income), provided that the balance of the raised funds (including the interest income) which is lower than 5 million or lower than five percent of the net amount of the raised funds is exclude;                      Article 8, 9 and 11 of the “Regulatory Guidelines for Listed Companies No. 2”
- (viii) excess raised funds used for projects under construction and new projects (including the acquisition of assets, etc.);
- (ix) excess raised funds used for permanent replenishment of working capital or repayment of bank loans.
- (x) Change of discretionary accounting policy and accounting estimation;
- (xi) Matters that the independent directors consider may damage the legitimate rights and interests of minority shareholders;
- (xii) Relevant laws, administrative regulations, departmental rules and regulations, normative documents, the relevant rules of the place of listing and other matters stipulated in the Articles of Association.

The types of independent opinions issued by the independent directors include consent, reservations and reasons, objections and reasons, and the inability to issue their opinions and the obstacles. The opinions issued should be clear and specific.

**Section 2 Board of Directors**

**Article 141** The Company shall establish a board that reports to the shareholders' general meeting:

Articles 105 of the Guidelines for Listed Companies

**Article 142** The Company sets a board, which shall comprise seven(7) directors, including one Chairperson and one Vice Chairperson. The chairperson and vice chairperson of the board of directors shall be elected by a majority of all the directors.

Articles 106 and 111 of the Guidelines for Listed Companies

Mandatory Provisions Article 86

Any person who has been appointed by the board to fill any casual vacancy in the office of the board or serve as an additional Director, his term of office shall expire at the next shareholders' annual general meeting and such person shall be eligible for election for successive terms.

Mandatory Provisions Article 87

Hong Kong Listing Rules Appendix 3 Paragraph 4(2)-4(5)

The intent of the related nomination of candidates for directors and the written notice of the candidates' willingness to accept the nomination shall be sent to the Company no earlier than the date after the notice of the general shareholders' meeting is despatched and no later than seven

**Article 143** The board of directors is entitled to the following powers:

- (1) to convene shareholders' general meetings and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plan, profit distribution policy adjustment plan and loss make up plan;
- (6) to formulate the Company's plans on the increase or decrease of the registered capital, issuance of bonds or other securities and listing plan;
- (7) to develop and formulate the Company's plan for major acquisition, acquisition of shares of the Company or merger, separation, dissolution and change of the company form;
- (8) to determine the establishment of the Company's internal management structure;
- (9) to elect the members of the special committee established under the board of directors and approve the chairperson candidate based on the election results of the committee;
- (10) to appoint and remove the responsible person of the audit department of the Company according to the nomination of the audit committee;
- (11) to perform regular evaluation on the independence and performance of the members of the audit committee, and replace the member who is unsuitable to continue to serve as a member if necessary;

Article 47 of the Company Law  
Articles 107 of the Guidelines for Listed Companies  
Mandatory Provisions  
Article 88

Article 12 of the Guidelines for the Operation of the Audit Committee of the board of directors of Listed Companies by Shanghai Stock Exchange

Make self supplementation according to the company's business needs

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
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| (12) to determine the appointment or dismissal of the general manager of the Company, the secretary of the board of directors and their remuneration matters, and determine the appointment or dismissal of deputy general manager and chief financial officer of the Company and their remuneration matters according to the nomination of the general manager; | In reference to Section 7.5.4 of the Guidance on Standardizing Operation of Companies Listed on the Main board of the Shenzhen Stock Exchange (Revision 2015) |
| (13) to formulate the Company's basic management policies;   |   |
| (14) to formulate amendment to the Articles of Association;  |   |
| (15) to propose the appointment or removal of the Company's auditors to the general meetings of the shareholders;  |   |
| (16) to hear the work reports of the general manager of the Company' and review the work of the general manager;   |   |
| (17) to review and approve the external loans of the company and the corresponding asset guarantee;  | “Guidelines on the Supervision of Listed Companies by CSRC No. 2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies” 11   |
| (18) to review and approve the discretionary change of accounting policy, accounting estimation change matters beyond the scope of the power of the general shareholders' meeting;   | Article 7 of the Measures for the Administration of Raised Funds by Listed Companies of Shanghai Stock Exchange (Revision 2013)                               |
| (19) to review and approve the related party transactions specified in Article 144 of the Articles of Association;   |   |
| (20) to review and approve the major transactions specified in Article 145 of the Articles of Association;   |   |
| (21) to review and approve the use of the raised fund specified in Article 147 of the Articles of Association;   |   |

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(22) to review and approve the external investment and

The related party transactions that are exempted from disclosure in accordance with the “Listing Rules of Shanghai Stock Exchange” shall be exempted from review of the board of directors.

The criteria of related party and calculation standard of related party transactions referred to in the preceding sections shall be in line with the relevant provisions of the “Listing Rules of Shanghai Stock Exchange”.

**Article 145** Major transactions, purchase and sales of assets (other than the ones stipulated in Article 63 and Article 64 of the Articles of Associations) shall be reviewed and approved by the board of directors:

Article 9.2 of Listing Rules of Shanghai Stock Exchange

- (1) The total amount of assets involved in the transaction accounts for more than 10% of the Company’s latest audited total assets;
- (2) The operating income attributable to the object of transaction (such as equity) in the most recent fiscal year accounts for more than 10% of the audited operating income of the Company in the most recent fiscal year, with the absolute amount exceeding RMB10 million;
- (3) The net profit attributable to the object of transaction (such as equity) in the most recent fiscal year accounts for more than 10% of the audited net profit of the Company, with the absolute amount exceeding RMB1 million;
- (4) The transaction amount (including liabilities and expenses assumed) accounts for more than 10% of the Company’s most recent audited net assets, with the absolute amount exceeding RMB10 million;
- (5) The profit generated by the transaction accounts for more than 10% of the audited net profit of the Company in the most recent fiscal year, with the absolute amount exceeding RMB1 million.

The calculation standard for the above indicators shall be in line with the relevant provisions of the “Listing Rules of Shanghai Stock Exchange”.

**Article 146** Where the aggregation of the expected value of fixed assets proposed for disposal by the board and the value of fixed assets disposed within four (4) month before the proposed disposal exceeds 33% of the fixed assets value set out in the latest balance sheet reviewed in the shareholders’ general meetings, the board shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders’ general meeting.

Mandatory Provisions  
Article 89

The disposal of fixed assets referred to in this Article comprises transferring certain interests in assets, but excluding provision of fixed assets as guarantee.

The validity of transactions regarding disposal of fixed assets by the Company shall not be affected due to a breach of the first paragraph of this Article.

**Article 147** The following matters of use of the raised funds other than those provided for in Article 66 of the Articles of Association shall be reviewed and approved by the board of directors:

Articles 8 and 7 of the  
Regulatory Guidelines  
for Listed Companies  
No. 2  
Article 12, Article 14,  
Article 15, Article 19,  
Article 20 and Article  
21 of the “Provisions  
on the Administration  
of Raised Funds”  
of Shanghai Stock  
Exchange

- (1) Change the place of implementation of the project financed by the raised funds;
- (2) Within six months after the arrival of the raised fund at the account, replace the self-raised funds of the project that ought to be financed by the raised funds with the raised funds;

- (5) After the completion of all investment projects financed by the raised funds, the use of the balance includingIm83ainterestaincome), provided that the balance of the raised funds includingIm83ainterestaincome) lower than 5 million

raised funds shall be excluded;

- (6) Conduct cash management on the temporarily idle funds raised;

- (7) Use of funds raised f the board of directors as stipulated by the laws, regulations and normative documents.

**Article 148** The board of directors of the Company shall make a statement to the general shareholders’ meeting on the non-standard audit opinion issued by the certified public accountant on the financial statements of the Company. Articles 108 of the Companies

**Article 149** The board of directors shall f rules of procedure of the board of directors to ensure that the board of directors would implement the resolutions of the general shareholders’ meeting, improve the work efficiency and ensure reasonable decision. Articles 109 and 110 ListedCompanies

**Article 150** The board of directors shall determine the authorization of the external investment, acquisition and Article 110 of the Companies

and establish a strict review and decision-makingIprocedure. For major investment projects, the relevant experts and professionals shall be organized to review and report to the

**Article 151** The chairperson of the board is entitled to the followingIpowers: Article 112 of the Companies

- (1) to preside over shareholders’ general meetings and to convene and preside over board meetings;

- (2) to supervise and check on the implementation of resolutions of the board; Mandatory Provisions Article 90

- (3) to sign the securities certificates issued by the Company;
- (4) to exercise the power of authorized representative;
- (5) to exercise other powers conferred by the board.

Where the chairperson is unable to exercise his authorities, the vice-chairperson appointed by the chairperson shall exercise such authorities in his capacity.

**Article 152** The vice chairperson of the board shall assist chairperson of the board in work. In the absence or inability of The chairperson of the board of directors to act, The vice chairperson shall perform duties instead thereof. In the absence or inability of the vice chairperson of the board to act, a director elected by at least half of directors shall perform duties instead thereof.

Article 113 of the  
Guidelines for Listed  
Companies

**Article 153** The board shall establish special committees, namely, the Strategy Committee, the Audit Committee, the Nomination Committee as well as the Remuneration and Assessment Committee. The special committees are fully composed of directors. And, in the Audit Committee, the Nomination Committee as well as the Remuneration and Assessment Committee, the independent directors shall be in the majority and shall act as the convenor. In the Audit Committee, at least one (1) independent Director shall have professional accounting qualifications.

Article 52 of the  
Code of Corporate  
Governance for Listed  
Companies in China

**Article 154** Main duties of the Strategy Committee are:

- (1) to research and suggest on the business objectives, medium and long-term development strategies of the company on a regular basis according to its business conditions and changes in the market;
- (2) to research and suggest on major investment and financing proposals subject to the board's approval according to the provisions of the Articles of Association;

Article 53 of the  
Code of Corporate  
Governance for Listed  
Companies in China

- (3) to research and suggest on major transactions subject to the board's approval according to the provisions of the Articles of Association;
- (4) to research and suggest on other major matters affecting the development of the Company;
- (5) to inspect the implementation of the above matters, and to timely report to the board;
- (6) to perform other matters delegated by the board.

**Article 155** Main duties of the Audit Committee are:

- (1) to propose to retain or replace external auditors;
- (2) to examine the independence of the auditors engaged by the Company and to express the opinions thereon;
- (3) to supervise the internal audit system of the Company and its implementation;
- (4) to take charge of the communication between internal auditors and external auditors;
- (5) to review financial information of the Company and its disclosure;
- (6) to determine the list of the Company's related parties, and review major related party transactions;
- (7) to review the internal control system of the Company, ensure the effective implementation and

Article 54 of the Code of Corporate Governance for Listed Companies in China Clause 1 of Article 2 of the Opinions on Issues concerning Further Improving the Quality of Financial Information Disclosure by Companies Undertaking an Initial Public Offering, Announcement No. 14 [2012] of the China Securities Regulatory Commission The Guidance on Implementation of Related Transactions of Listing Companies of Shanghai Stock Exchange

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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- Article 156** Main duties of the Nomination Committee are: Article 55 of the Code of Corporate Governance for Listed Companies in China
- (1) to review the selection criteria and procedures for directors and senior officers, and make proposals to the board;
  - (2) to widely seek qualified candidates of directors and senior officers;
  - (3) to examine the candidates of Director and senior officers and make suggestions, and review the structure, size and composition (including the skills, knowledge and experience) of the board annually.

- Article 157** Main duties of the Remuneration and Assessment Committee are: Article 56 of the Code of Corporate Governance for Listed Companies in China
- (1) to review the assessment standards for directors and managers, make assessment and give suggestions;
  - (2) to study and review the remuneration policies and proposals for directors and managers; Article 33 of the Measures for the Administration of Equity Incentive Plans of Listed Companies (Draft for Comment)
  - (3) to tincriuggties of ted Comstudy annu shee holdnageres theramiby of ted Comtly.

Artic.2856 of the Code of Corporate Governance for Listed Companies in China



**Article 163** A written notice of the meeting of the board shall at least include:

- (1) the time and place of the meeting;
- (2) duration of the meeting;
- (3) the method for convening the meeting;
- (4) matters and motions;
- (5) the convenor and the presider of the meeting, the proponent of the extraordinary meeting as well as the written proposals;
- (6) the documents necessary for the voting of the board;
- (7) the requirement that the directors shall attend the meeting in person or by entrusting other directors;
- (8) the contact person and contact information;
- (9) Date of notice.

Article 117 of the  
Guidelines for Listed  
Companies  
Article 9 of the Model  
Rules of Procedure for  
the board of directors

An oral notice shall at least include the contents mentioned in the aforesaid items (1) and (3) as well as the explanations on holding the extraordinary meeting of the board in the circumstance.

**Article 164**

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 165** The meeting of the board shall not be held until more than half of directors are present. Where a related party transaction is to be reviewed at the meeting of the board, such a meeting shall not be held unless more than half of the unrelated directors are present at the meeting. If less than three (3) unrelated directors attend the board meeting, relevant matters shall be submitted to the General Meeting for approval.

The directors shall attend the meeting of the board in

Mandatory Provisions  
Article 93

Articles 118, 119 and  
121 of the Guidelines  
for Listed Companies

Mandatory Provisions  
Article 94

added where  
appropriate

Article 10.2.1 of the  
Stock Listing Rules  
of Shanghai Stock  
Exchange

**Article 166** The following principles shall be followed when delegating others or being delegated to attend the meeting:

- (1) Where a connected transaction will be reviewed, an unrelated director shall not delegate any related director to attend the meeting, and a related director shall not accept the delegation of any unrelated director;
- (2) An independent director shall not delegate any non-independent director to attend the meeting, and a non-independent director shall not accept the delegation of any independent director;
- (3) Where any voting is involved, the proxy shall explicitly express the opinions of approval, opposition or waiver for each matter as listed in the power of attorney. The directors may not make any proxy without voting intention, unconditional authorization or any unclear scope of authorization.
- (4) A director shall not accept the delegation of more than two directors, or delegate any director that has accepted the delegation of other two directors to attend the meeting.

Should the delegation or the proxy fails to meet the provisions of the Articles of Association, the presider of the board meeting shall consult the principal about the non-conforming proxy. If the proxy is remedied before the voting, the delegated director may vote, otherwise the voting shall be null and void.



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APPENDIX III                      AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)  
(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)

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**Article 168** Resolutions to be adopted at the live meeting of the board shall be voted by raising hands or by open ballot.

Article 120 of the Guidelines for Listed Companies

Resolutions to be adopted at the non-live meeting of the board shall be voted by open ballot. The voting results of such meetings shall be confirmed by valid votes received within the prescribed time limit, or the written confirmation letters sent by the directors via facsimile or email within the prescribed time limit. The specific form of the voting shall be determined by the presider at the beginning of the meeting.

added where appropriate

**Article 169** The board shall keep minutes of resolutions passed at board meetings. The minutes shall be signed by the directors present at the meeting and the person who recorded the minutes.

Article 122 of the Guidelines for Listed Companies

The directors shall be liable for the resolutions of the board. If a resolution of the board violates the laws, administrative regulations or the Articles of Association and the Company suffers serious losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

Mandatory Provisions  
Article 95

Minutes of the board shall be retained as records of the Company for at least ten (10) years.

**Article 170** The minutes of the board shall include the following:

Article 123 of the Guidelines for Listed Companies

- (1) the number of session, the time, place and method of holding the meeting;
- (2) the delivery of meeting notice;
- (3) the convenor and the presider of the meeting;
- (4) the facts on whether the directors attended the meeting in person or by proxy;

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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(5) the proposals to be discussed at the meeting, the

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 174** The general manager of the Company shall be accountable to the board and exercise the following powers:

(1) to

Article 128 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 100

(9) after a single fund-raising project is completed, to use the balance of raised funds in other fund-raising projects where the total amount of the balance of raised funds (including interest income) is less than 1 million or below 5% of the amount of total investment commitments to the project; after all fund-raising projects are completed, to use of the balance of raised funds where the balance of raised funds (including interest income) is less than 5 million or below 5% of the amount of net raised funds;

(10) to discuss and approve other transactions or related transactions than those to be discussed and approved by shareholders at the shareholders' general meeting and/or directors at the board meeting as required by this Articles of Association;

(11) to exercise other powers conferred by the board.

Mandatory Provisions  
Article 101

Where the general manager has an interest in a related transaction subject to its decision, such related transaction shall be discussed and approved by the board.

The powers set forth in item (8) of this Article may be delegated by the general manager to other departments and

(III) the general manager's authorised limits on the use of funds and assets of the Company and on the execution of major contracts, reporting system to the board and the Supervisory Committee; and

(IV) other matters the board deems necessary.

**Article 176** The deputy general manager(s) and CFO shall be nominated by general manager and officially appointed after discussed and approved at the board meeting. The deputy general manager(s) and CFO shall be accountable to the general manager and exercise their powers within the authorization of the general manager.

Article 50 of the  
Company Law

**Article 177** The Company shall have a Secretary to the board. Secretary to the board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed or dismissed by the board.

Article 133 of the  
Guidelines for Listed  
Companies

The Secretary to the board shall be responsible for the preparation of the General Meeting and meetings of the board,

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 179** A senior management may resign before expiry of his term of office, subject to submission of a written resignation report to the board. Resignation of the senior management shall take effect immediately upon the delivery of the written resignation report to the board.

Article 131 of the  
Guidelines for Listed  
Companies  
Voluntary  
Supplementation

The board of the Company shall convene a board meeting to determine the successive senior management within three (3) months after receiving the resignation report.

Prior to the effective of the resignation of a senior management, or within a reasonable or an agreed period after the effective of the resignation or expiry of the term of office of the senior management, the fiduciary duties of the senior term of office

of this management of his resignation shall be subject to the approval of the board of directors of the Company (of the writtenas a

**CHAPTER 7    SUPERVISORY COMMITTEE**

**Section 1    Supervisors**

**Article 181** Supervisors shall serve a term of three (3) years. Upon maturity of the current term of office, a supervisor shall be eligible to offer himself for re-election and reappointed.

Article 137 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 104

**Article 182** A supervisor may resign before expiry of his term of office, subject to submission of a written resignation report to the Supervisory Committee.

Article 138 of the  
Guidelines for Listed  
Companies

If the remaining supervisors do not constitute a quorum after a Supervisor resigns, or the resignation of a supervisor who is an employees' representative causes the number of the supervisors who are employees' representatives to be less than one third of the number of members of the Company's Supervisory Committee, the resignation report only be effective after the successor supervisor fills the vacancy left by the resignation of its predecessor. The resigning supervisor shall continue to perform its duties as a supervisor in accordance with laws, administrative regulations, departmental rules or this Articles of Association until the successor supervisor takes office. The vacancy shall be filled within three (3) months.

Voluntary  
Supplementation

Save as the circumstance set forth in the preceding paragraph, the resignation of a supervisor shall take effect upon delivery of the resignation report to the Supervisory Committee.

Prior to the effective of the resignation of a supervisor, or within a reasonable or an agreed period after the effective of the resignation or expiry of the term of office of the supervisor, the fiduciary duties of the supervisor owing to the Company and all its shareholders shall not cease. The duty of confidence in relation to trade secrets of the Company a supervisor owing to the Company shall survive the resignation of the supervisor until such trade secrets become information which is in the public domain, and the supervisor shall strictly perform its obligations of non-competition within same industry as agreed with the Company.

**Article 183** Supervisors shall ensure information disclosed by the Company is true, accurate and complete. Article 139 of the Guidelines for Listed Companies

**Article 184** Supervisors may attend meetings of the board as non-voting attendees and raise questions or give advice on matters to be resolved on by the board of directors. Article 140 of the Guidelines for Listed Companies

Mandatory Provisions  
Article 108

**Article 185** Supervisors shall not use its related party relationship against the interests of the Company and shall compensate the Company for any losses incurred thereby. Article 141 of the Guidelines for Listed Companies

**Article 186** Supervisors who violate laws, administrative regulations, departmental rules or this Articles of Association when carrying their office duties shall compensate the Company for any losses incurred thereby. Article 142 of the Guidelines for Listed Companies

**Section 2 Supervisory Committee**

**Article 187** The Company shall set up a Supervisory Committee. The Supervisory Committee shall be composed of three (3) supervisors, including one chairperson. The appointment and dismissal of the chairperson of the

**Article 188** The Supervisory Committee is entitled to the following powers:

- (1) to examine and give a written opinion on the financial information such as the Company’s regular report, financial report, business report and plans for distribution of profits to be submitted by the board of directors and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
- (2) to examine the Company’s financial affairs;
- (3) to supervise directors and senior management in performing their duties to the Company and propose dismissal of directors or senior management who violate laws, administrative regulations, this Articles of Association or resolutions of the General Meeting;
- (4) to demand rectification fromAt8( dire fro( s fro)9.8( s2he)65.7( )]471.4626 -1.28576Tc.

Article 144 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 108

- (5) to propose the convening of an extraordinary general meeting and convene and preside over the general meeting if the board of directors fails to fulfill its duty to convene and preside over the general meeting pursuant to the Company Law;
- (6) to give proposals to the shareholders' general meeting;
- (7) to bring an action in the people's court against directors or senior management of the Company in accordance with Article 152 of the Company Law;
- (8) to investigate any abnormalities in the operation of the Company and, if necessary, hire the accounting firm, law firm or other professional parties to assist in its work at the cost of the Company;
- (9) to supervise and give opinions in the annual report on the examination, voting, disclosure and

- (i) to temporarily use the idle proceeds as working capital;                      Articles 12, 14, 15, 17, 18, 19, 20, 21, 25, 27 and 28 of the Measures for the Administration of Raised Funds for Listed Companies (Revised in 2013) of Shanghai Stock Exchange
- (ii) Within six months after the raised funds arrived at the account, to replace the self-raised funds which have been previously invested in the fund raising project by the raised funds;
- (iii) Change the use of raised funds or use the balance of funds raised in a single fund raising investment projects for non fund raising investment projects;                      Article 13 of the SSE Guidance on Cash Dividends Distribution for Listing Companies
- (iv) Intended external transfer or replacement of fund raising investment projects (Except for the case where the fund raising investment project external transfer or replacement is part of a major asset restructuring plan);
- (v) to use the surplus raised funds (including interest come) from a single fund-raising project for non-fund-raising projects (including making up for the working capital);
- (vi) After the completion of a single fund raising investment project, the Company shall use the balance of raised funds of such project (including the interest income) for other funds raising investment projects, the balance of raised funds (including the interest income) which are less than one million or below five percent of the total investment commitments to such fund raising project be excluded;
- (vii) After the completion of all the fund raising investment projects, the use of the balance of raised funds (including the interest income), the balance of raised funds (including the interest income) which are less than 5 million or below five percent of the amount of net raised funds be excluded;

- (viii) to use the surplus raised funds to permanently make up for the working capital or repay the bank loans;
- (ix) to use the surplus raised funds for on-going projects and new projects (including the acquisition of assets, etc.);
- (x) to conduct cash management over the idle raised funds;
- (13) to discuss and approve the Special Report on Deposit and Actual Usage of the Raised Funds of the Company;
- (14) to engage an accounting firm to issue authentication report on the deposit and usage of raised funds;
- (15) to supervise the implementation of cash dividend policy and shareholders' returns plan by the board of directors in accordance to the respective execution and decision-making procedures and disclosure thereof;
- (16) other powers to be exercised by the Supervisory Committee pursuant to laws and regulations.

**Article 189** The Supervisory Committee shall meet at least every six (6) months. Supervisors may propose convening of special Supervisory Committee meetings.

Article 145 of the Guidelines for Listed Companies

A written notice of Supervisory Committee meeting shall be served to all supervisors two (2) days prior to the holding of such meeting.

Mandatory Provisions Article 109

Where the circumstance is urgent, if necessary, to hold a Supervisory Committee extraordinary meeting may be convened immediately after the notice of the meeting is circulated by telephone or any other means, provided that the convenor shall make explanations at the meeting.

Voluntary supplementation according to the "Guidelines for Listed Companies"

**Article 190** The Supervisory Committee shall develop procedural rules for its meetings and specify the methods of conducting of business and the voting procedure at meetings of the Supervisory Committee, thereby ensuring efficiency of work and reasonableness of decisions.

Article 146 of the Guidelines for Listed Companies

**Article 191** The written notice of meeting of the Supervisory Committee shall include the following:                      Article 148 of the Guidelines for Listed Companies

- (1) date, place and duration of meeting;
- (2) reasons and agenda items;
- (3) the convenor and the presider of the meeting, the proponent of the extraordinary meeting as well as the written proposals;
- (4) the conference materials necessary for the voting of the supervisors;
- (5) the requirement that the supervisors shall attend the meeting in person;
- (6) the contact person and contact information;
- (7) date of notice.

An oral notice shall at least include the contents mentioned in the aforesaid items (1) and (3) as well as the explanations on holding the extraordinary meeting of the Supervisory Committee under the urgent circumstance.

**Article 192** Resolution at a Supervisory Committee meeting shall be passed by no less than two-thirds of the supervisors by voting, and signed by all the supervisors present.                      Voluntary Supplementation  
Hong Kong Listing Rules-Appendix 13-Part D-Section 1(d)(ii)

**Article 193** The Supervisory Committee meeting shall be convened and voted by reference to the meetings of the board of directors.                      Voluntary Supplementation

**Article 194** The Supervisory Committee shall keep minutes of resolutions passed at the meetings. The minutes shall be signed by the Supervisors present at the meeting.                      Article 147 of the Guidelines for Listed Companies

Each supervisor is entitled to request that an explanation of his comments made at the meetings be noted in the minutes. The minutes of Supervisory Committee meetings shall be retained as records of the Company by the Secretary to the board for at least 10 years.

**CHAPTER 8   Qualifications and Duties of the directors,  
Supervisors and Senior Management of the Company**

**Article 195** No one shall be a Director, supervisor or other senior management of the Company if subject to any of the following circumstances:                      Article 95 of the Guidelines for Listed Companies

- (1) a person without legal or with restricted legal capacity;                      Mandatory Provisions Article 112
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked or had its company closed due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;

- (8) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction; Article 10 of the Guidelines of Shanghai Stock Exchange for Listed Companies Regarding the Selection, Appointment and Conduct of directors
- (9) having been banned from entering into the market by the CSRC and the ban is still valid;
- (10) having been given an administrative punishment by the CSRC in recent three years;
- (11) having been publicly censured or criticized by circulating a notice of criticism for more than two (2) times by the stock exchange in recent three years;
- (12) within the period during which the stock exchange deems the person is not suitable to serve as the director of the Company; Article 27 of the Guidelines of Shanghai Stock Exchange for Listed Companies Regarding the Selection, Appointment and Conduct of directors
- (13) being unable to ensure devoting adequate time and energy to the Company affairs required of the position during his tenure to earnestly perform all his duties as a director;
- (14) such other circumstances as provided for by laws, administrative regulations, departmental rules or related business rules.

The period prescribed in this Article shall determine on the date of holding of the general meeting at which the nomination proposal of the relevant director or supervisor is to be discussed.

Article 11 of the Guidelines of Shanghai Stock Exchange for Listed Companies Regarding the Selection, Appointment and Conduct of directors

If the election or engagement of a Director, a supervisor or a senior management violates this Article, such election, appointment or engagement shall be deemed invalid.

Where a circumstance prescribed in this Article occurs during the term of office of a Director, a supervisor or a senior management, they shall be dismissed by the Company.

The directors, general manager and senior management of the Company shall not act concurrently as supervisors.

Mandatory Provisions  
Article 113

**Article 196** The validity of an act of a Director on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Mandatory Provisions  
Article 244

**Article 197** Each of the Company’s directors, supervisors and senior management owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Mandatory Provisions  
Article 115

**Article 198** Each of the Company’s directors, supervisors, senior management shall exercise his powers or carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict and shall act in accordance with the laws, administrative regulations and this Articles of Association, be accountable to the Company including but not limited to the following fiduciary duties:

Article 97 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 114

Mandatory Provisions  
Article 116

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to exceed those powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) without the informed consent of shareholders given in general meeting, not to use the Company’s property for his own benefit by any means;
- (6) not to accept bribes or other illegal benefits in his official capacity or appropriate on asset of the Company;
- (7) not to misappropriate the funds of the Company;
- (8) not to open accounts in his own name or other names for the deposit of the Company’s assets or funds;

Article 23 of the  
Guidelines for  
directors’ Conduct  
of Shanghai Stock  
Exchange

- (9) not to lend funds of the Company to others or provide guarantee for others with the Company's assets in violation of this Articles of Association or without consent of the General Meeting or the board of directors;
- (10) not to enter into any contract, transaction, debtor-creditor relationship with the Company in violation of this Articles of Association or without consent of the General Meeting;
- (11) not to exploit his or her position to seek business opportunities for his or her own or others' gains that should have belonged to the Company or operate any business by himself or by his agent similar to that of the Company for his or her own or others' behalf;
- (12) not to accept commissions in connection with the Company's transactions;
- (13) not to disclose secrets of the Company without authorization;
- (14) not to exploit his related party relationship against the interests of the Company; and
- (15) other requirements regarding duty of loyalty set forth in laws, administrative regulations, departmental rules or this Articles of Association.

Any proceeds from violation of this Article of Association by directors shall be the property of the Company. Such directors shall compensate the Company for any losses incurred thereby.

**Article 199** In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the Company's shares are listed, the Company's directors, supervisors and senior management owe a duty to the company and the shareholders, in the exercise of following diligent obligations:

Article 98 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 114

- (1) to act with prudence, care and diligence to ensure that business behaviors of the Company comply with the laws, administrative regulations and statutory economic policies and do not exceed the scope specified in the business license;
- (2) to treat fairly every shareholder, not to expropriate the individual rights of shareholders, including (but not limited to) rights to distribution and voting rights, save for restructuring of the Company submitted and approved by the shareholders in accordance with this Articles of Association.
- (3) to keep themselves updated on the operation and management of the Company;
- (4) to give a signed confirmation of regular reports of the Company to ensure that information disclosed by the Company is true, accurate and complete;
- (5) other requirements regarding the diligent obligations set forth in laws, administrative regulations, departmental rules or this Articles of Association.

directors and senior management shall provide the Supervisory Committee with true information and materials and shall not prevent the Supervisory Committee or supervisors from exercising their powers and functions.

**Article 200** The directors, supervisors and senior management of the Company shall not direct the following persons or institutions (“Associates”) to engage in activities prohibited for the directors, supervisors and senior managers under this Articles of Association and relevant laws and regulations:

Mandatory Provisions  
Article 117

- (1) the spouse or minor child of that Director, supervisor and senior management;
- (2) a person acting in the capacity of trustee of that Director, supervisor and other senior management or any person referred to in paragraph (1) of this Article;

- (3) a person acting in the capacity of trustee of that Director, supervisor and other senior management or any person referred to in paragraph (1) and (2) of this Article;
- (4) a company in which that Director, supervisor and senior management, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other directors, supervisors, manager and other senior management of the Company have a de facto controlling interest;
- (5) the directors, supervisors and other senior management of the controlled company referred to in paragraph (4) of this Article.

**Article 201** Except for circumstances prescribed in Article 47 of the Mandatory Provisions, a Director, supervisor of the Company and senior management of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

Mandatory Provisions  
Article 119

**Article 202** Where a Director, supervisor and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, he shall declare the nature and extent of his interests to the board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the board.

Mandatory Provisions  
Article 120  
  
Hong Kong Listing  
Rules Appendix 3  
Paragraph 4(1)

A Director shall not be entitled to vote on any resolution of the board of directors approving any contract or arrangement or any other suggestion which he or any of his connected person (as defined in the applicable rules governing the listing of securities in force from time to time) has a material interest. When determining the quorum of the meeting of the board of directors, the said Director shall not be counted in the quorum.

Unless the interested Director, supervisor and other senior management of the Company disclosed to the board his interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the board at a meeting in which the interested Director, supervisor, senior management is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, supervisor and other senior management member is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, and senior management.

A Director, supervisor and senior management of the Company is deemed to be interested in a contract, transaction or arrangement in which a close associate (as defined in the Hong Kong Listing Rules) of him is interested.

**Article 203** Where a Director, supervisor and senior management of the Company gives to the board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Mandatory Provisions  
Article 121

**Article 204** The Company shall not in any manner pay taxes for or on behalf of its directors, supervisors and senior management.

Mandatory Provisions  
Article 122

**Article 205** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor and senior management of the Company or of the Company's parent company or any of their respective associates.

Mandatory Provisions  
Article 123

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its directors, supervisors and senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting;
- (3) the Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors and senior management or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

**Article 206** A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Mandatory Provisions  
Article 124

**Article 207** A loan guarantee provided by the Company in breach of clause 1 of Article 123 of the Mandatory Provisions shall be unenforceable against the Company, provided that:

Mandatory Provisions  
Article 125

- (1) a loan was advanced to an associate of any of the directors, supervisors and senior management of the Company or of the Company's parent company where the lender did not know the relevant circumstances; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

**Article 208** For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Mandatory Provisions  
Article 126

**Article 209** In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor and senior management of the Company is in breach of his duties to the Company, the Company has a right to:

Mandatory Provisions  
Article 127

- (1) claim damages from the Director, supervisor and senior management in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the Director, supervisor and senior management or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, supervisor, and senior management);
- (3) demand the Director, supervisor and senior management to surrender the profits made by him in breach of his duties;
- (4) recover any monies received by the Director, supervisor and senior management which should have been otherwise received by the Company, including (without limitation) commissions; and
- (5) demand payment of the interest earned or which may have been earned by the Director, supervisor and senior management on the monies that should have been paid to the Company.

**Article 210** The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with each of the directors or supervisors and senior management officers wherein his emoluments are stipulated. The written contract shall include at least the following provisions:

Mandatory Provisions  
Article 128

- (1) The directors, supervisors and senior management officers shall undertake to the Company that they will observe and comply with the Company Law, Special Regulations, the Articles of Association, The Codes on Takeovers and Mergers and Share Buy-backs and other provisions of the SEHK (including the amendments thereto made from time to time) and agree that the Company is entitled to access to the remedial measures as prescribed in the Articles of Association. The contract and their offices shall not be transferred;
- (2) The directors, supervisors and senior management officers shall undertake to the Company (for and on behalf of each shareholder) that they will observe and fulfill their obligations to shareholders stipulated in the Articles of Association; and
- (3) The relevant arbitration clause in the Hong Kong Listing Rules.

Hong Kong Listing  
Rules 19A.54 and  
19A.55

The aforesaid emoluments include:

- (1) emoluments in respect of his service as Director, supervisor or senior management of the Company;
- (2) emoluments in respect of his service as Director, supervisor or senior management of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries; and
- (4) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

**Article 211** The contract for emoluments entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement.

Mandatory Provisions  
Article 129

A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to becoming a "controlling shareholder".

If the relevant Director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant Director or supervisor and shall not be paid out of that sum.

**CHAPTER 9   FINANCIAL AND ACCOUNTING  
SYSTEMS, PROFIT DISTRIBUTION AND AUDITING**

**Section 1   Financial and Accounting System**

**Article 212** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the relevant regulatory department of the State.

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or overseas accounting standards of where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the



Where the Company's statutory surplus reserve fund is not enough to make up losses of the Company for the preceding years, the current year's profits shall be applied first to make up the losses before being allocated to the statutory surplus reserve fund in accordance with the preceding paragraph.

Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory surplus reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

The after-tax profit, after recovery of losses and appropriation of reserve fund shall be distributed to shareholders in proportion to their shareholdings, save for distribution not in proportion to shareholding in accordance with this Article.

If a shareholders' general meeting violates the provisions in the preceding paragraph of this Article and profits are distributed to the shareholders before the Company makes up losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned to the Company.

Shares of the Company held by the Company itself are excluded from profit distribution.

**Article 219** Surplus reserve fund of the Company shall be used for making up losses of the Company, expansion of production and operation of the Company or increasing capital of the Company. However, the capital reserve fund will not be used to making up losses of the Company.

Article 153 of the  
Guidelines for Listed  
Companies

When the statutory reserve fund is converted into capital, the balance of the statutory reserve fund after capitalization shall not fall below 25% of registered capital of the Company immediately before capitalization.

**Article 220** After the General Meeting resolves to adopt the profit distribution plan, the board of directors shall complete dividend (or share) distribution within two (2) months after the General Meeting is held.

Article 154 of the  
Guidelines for Listed  
Companies

**Article 221** The Company shall implement stable and prudent profit distribution policies, attach importance to the reasonable return on investment of investors, and maintain the continuity and stability of the profit distribution policy in conformity with the relevant provisions of laws and regulations. The profits of the Company to be distributed shall exceed aggregated distributable profits of the Company. The long-term interests and sustainable development of the Company as well as the overall interests of all shareholders shall collectively be taken into consideration in adherence to following principles:

- (1) the principle of distribution in accordance with the statutory order;
- (2) the principle of no distribution if loss has not been made up;
- (3) the principle that shares of the same class shall have the same rights and benefits;
- (4) the principle that no profits shall be distributed to the shares of the Company held by the Company itself.
- (5) The Company gives priority to the profit distribution method of cash dividend.

**Article 222** Form of profit distribution: The Company adopts cash, stock or the combination of cash and stock as the method for the distribution of dividends, and gives priority to the use of cash dividend as the method for the profit distribution. If conditions allow, the Company can make interim profit distribution.

“Guidelines for the Supervision of Listed Companies No. 3 – Cash Dividends of Listed Companies” of China Securities Regulatory Commission

“Guidelines for the Supervision of Listed Companies No. 3 – Cash Dividends of Listed Companies” of China Securities Regulatory Commission

Mandatory Provisions  
Article 139

**Article 223** The specific conditions of the Company for cash dividends:

- (1) The distributable profits realized by the Company



**Article 226** The board of directors of the Company should collectively take the characteristics of the industry, the stage of development, the Company’s operation model, level of profitability and whether there are major capital expenditure arrangements and other factors into consideration to distinguish between different situations, and propose differentiated cash dividend policies:

- (I) Where the Company is in the mature development stage and has no major capital expenditure arrangements, upon the profit distribution, the proportion of the cash dividends should reach a minimum of 80% of the relevant the profit distribution;
- (II) Where the Company is in the mature development stage and has major capital expenditure arrangements, upon the profit distribution, the proportion of the cash dividends should reach a minimum of 40% of the relevant the profit distribution;
- (III) Where the Company is in the developing phase of the development stage and has major capital expenditure arrangements, upon the profit distribution, the proportion of the cash dividends should reach a minimum of 20% of the relevant profit distribution;

Where the development stage of the Company is not easy to distinguish and the Company has major capital expenditure arrangements, it can be handled according to the preceding article.

**Article 227** Before the deliberation of the detailed plan on the cash dividends in the general shareholders’ meeting, the Company should pro-actively communicate with shareholders, especially minority shareholders, and listen to the opinions and appeals of the minority shareholders, and timely reply to the concerns of the minority shareholders.

Article 5 of the “Guidelines for the Supervision of Listed Companies No. 3 – Cash Dividends of Listed Companies” of China Securities Regulatory Commission

“Guidelines for the Supervision of Listed Companies No. 3 – Cash Dividends of Listed Companies” of China Securities Regulatory Commission

**Article 228** In case of wars, natural disasters and other force majeure events, if the Company needs to adjust the profit distribution policy according to the investment planning, actual corporate operations, social capital costs, external financing environment, shareholders' wishes and requirements, the major change in the production and operation and other factors, the board of directors shall propose the profit distribution policy adjustment plan according to the actual situation. The adjusted profit distribution policy should take the protection of shareholders' rights as the starting point, and shall not violate the relevant provisions of CSRC and the stock exchange.

Formulate in accordance with Article 3 of Regulatory Guidelines No. 3

**Article 229** Shareholders are entitled to the interest of the payment for any number of shares subscribed prior to the call for share capital, provided that the shareholders are not entitled to participate in the dividends declared thereafter on the advances on subscription.

Hong Kong Listing Rules Appendix 3 Paragraph 3(1)

**Article 230** The Company shall appoint a receiving agent for the shareholders holding the overseas listed foreign share. The receiving agent shall receive the dividends and other payments payable by the Company on behalf of the relevant shareholders in respect of the overseas listed foreign shares.

Mandatory Provisions Article 140

Hong Kong Listing Rules – Appendix 13 – Part D – Section 1(c)

The receiving agents appointed by the Company shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

The Company may cease sending dividend warrants by post, if:

Hong Kong Listing Rules Appendix 3 Paragraph 13(1)

- (I) such warrants have been left uncashed on two consecutive occasions; or
- (II) the first occasion on which such warrants are returned undelivered.

The Company may sell the shares of a member who is untraceable and keep the proceeds if:

Hong Kong Listing  
Rules Appendix 3  
Paragraph 13(2)

- (I) during a period of twelve (12) years at least three dividends in respect of the relevant shares have become payable and no dividend during that period has been claimed by the shareholder; and

Article 19A.47 of Hong  
Kong Listing Rules

- (II) on expiry of the twelve (12) years the Company gives notice of its intention to sell the shares by way of an advertisement published in newspapers and notifies the SEHK and the relevant foreign securities regulators of such intention.

Hong Kong Listing  
Rules Appendix 3  
Paragraph 7(1)

Under the premise of compliance with the relevant laws and regulations of China and the provisions of Hong Kong Stock Exchange, the Company may exercise the confiscation power for unclaimed dividends, but the power shall not be exercised before the expiration of the applicable period.

## Section II Internal Audit

**Article 231** The Company implements the internal audit system with professional auditors to conduct internal audit supervision on the financial revenue, expenditure and economic activities of the Company.

Article 156 of the  
Guidelines for Listed  
Companies

**Article 232** The internal audit system and duties of the internal auditors of the Company shall be implemented after the approval by the board. The chief auditor shall be accountable and report to the board.

Article 157 of the  
Guidelines for Listed  
Companies

## Section III Engagement of accounting firms

**Article 233** The Company shall engage the accounting firm with the “qualification for securities related business” to conduct the accounting statement auditing, net asset verification and other related consulting services and other affairs. The engagement period is from the end of the annual general shareholders’ meeting of the Company to the end of the next annual general shareholders’ meeting. And the engagement can be renewed.

Article 158 of the  
Guidelines for Listed  
Companies  
  
Mandatory Provisions  
Article 141

**Article 234** The engagement of an accounting firm must be determined by the general shareholders' meeting. The board of directors shall not engage an accounting firm before the approval of the general shareholders' meeting.

Article 159 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 141

If there is a vacancy in the office of accounting firm, the board of directors may appoint an accounting firm to fill the vacancy before the general shareholders' meeting is convened. However, during the period of continued vacancy, the surviving or continuing accounting firm, if any, may act.

Mandatory Provisions  
Article 144

**Article 235** The accounting firm appointed by the Company shall have the following rights:

Mandatory Provisions  
Article 143

- (1) a right to inspect at any time the books, records and vouchers of the Company, and to require the directors, general manager and other senior management members of the Company to provide any relevant information and explanation thereof;
- (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accounting firm; and
- (3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the accounting firm of the Company.

**Article 236** The Company undertakes to provide real and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or misrepresent.

Article 160 of the  
Guidelines for Listed  
Companies

**Article 237** The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of an accounting firm appointed by the board shall be determined by the board.

Article 161 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 146

**Article 238** The shareholders in general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm. If the relevant accounting firm claims for rights to the Company due to dismissal, the relevant rights shall not be affected therefrom.

Mandatory Provisions  
Article 145

Article 162 of the  
Guidelines for Listed  
Companies

When the Company dismisses or no longer renews the engagement of the accounting firm, it shall notify the accounting firm thirty (30) days in advance, and the shareholders' general meeting of the Company shall allow the accounting firm to express its opinions when voting on the dismissal of the accounting firm.

Mandatory Provisions  
Article 147

The Company's appointment of, removal of and non-reappointment of an accounting firm shall be resolved by shareholders in general meeting. The resolution of the shareholders' general meeting shall be filed with the CSRC.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of an accounting firm, which is not a currently engaged firm, to fill a casual vacancy in the office of the accounting firm, or to remove the accounting firm before the expiration of its term of office, the following provisions shall apply:

Hong Kong Listing  
Rules – Appendix 13 –  
Part D – Section 1(e)(i)

- (1) A copy of the proposal about appointment or removal shall be sent to the accounting firm proposed to be appointed or proposing to leave its post or the accounting firm which has left its post in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement).

- (2) If the accounting firm that is proposed to leave makes written representations and requests that the Company gives notice to the shareholders of such representations, the Company shall (unless the representations in writing have been received too late), take the following measures:
- (a) in any aforementioned notice for making a resolution, the Company shall state the representations made by such accounting firm which is to leave; and
  - (b) to attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in this Articles of Association.
- (3) In the event that the Company fails to send the accounting firm's representations in the manner set out in Clause (2) above, the relevant accounting firm may require that the representations be read out at the shareholders' general meeting and may make further representations.
- (4) An accounting firm that is proposed to leave shall be entitled to attend the following meetings:
- (a) the shareholders' general meeting at which its term of office would otherwise have expired;
  - (b) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (c) any shareholders' general meeting convened on its resignation,

and to receive all notices of, and other communications relating to such meetings, and to An accounting firm ed t8( the)presentations.

**Article 239** The accounting firm may resign its office by depositing the written notice of resignation at the registered office of the Company. The notice take effect on the latter of the date on which it is placed in the registered office of the Company or the date indicated in the notice. Such notice shall include one of the following:

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**CHAPTER 10 NOTICE AND PUBLIC ANNOUNCEMENT**

**Section I Notice**

**Article 240** The notices of the Company may be sent out by the following ways:

Article 163 of the Guidelines for Listed Companies

- (1) by personal delivery;
- (2) by mail;
- (3) by public announcement;
- (4) by fax or by email;
- (5) On the premise that the laws, regulations and the listing rules at the place where the share of the Company are listed are complied with, by announcement on the websites of the Company and the websites designated by the stock exchanges.
- (6) Any other ways agreed in advance by the Company or the addressee of the notice or acknowledged by the addressee of the notice after receipt of such notice;
- (7) Any other ways stipulated by this Articles of Association.

**Article 241** Where any notice of the Company is made by public announcement, once a public announcement is made, all relevant persons shall be deemed to have received the notice. Any other regulations of the regulatory body at the place where the shares of the Company are listed, if any, shall be applicable.

For any notice of the Company to be made to the shareholders of the overseas listed foreign shares, if made in the form of public announcement, an immediately publishable electronic form shall be submitted through the Stock of Exchange of Hong Kong on the same day in accordance with the listing rules of the requirements of the local listing rules, so as to be posted on the website of the Stock Exchange of Hong Kong. The public announcement of the Company shall at the same time be posted on the website of the Company. In addition, unless otherwise provided in this Articles of

Shareholders or directors of the Company who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidence showing the same has been served on the Company within the designated periods by common practice of delivery, or evidential materials showing that the mailing address is correct and the postage is fully paid.

Notwithstanding that the foregoing expressly requires providing and/or distributing the Company's communications in writing to the shareholders, in respect of the manner in which the Company provides and/or distributes the Company's communications in compliance with the listing rules of the stock exchange, if the Company comply with the relevant provisions of the laws and regulations, and the provisions of the Listing Rules of the Stock Exchange that are revised from time to time, the Company may, by electronic means or by way of information published on the Company's website, send, transmit or provide the Company's communications to the shareholders of the Company with the prior written consent or implied consent of the shareholders of the Company. The Company's communications include but are not limited to: circulars, annual reports (including director's reports, annual accounting statements of the Company, auditor's reports and financial summary reports (if applicable)), semiannual reports and semiannual summary reports (if applicable), quarterly reports notice of shareholders' general meeting, forms of appointment and other Company communications set out in the Listing Rules of the Stock Exchange.

**Article 242** Where the company notice is delivered in person, the person served shall sign (or seal) on the served

**Section II Announcement**

**Article 248** The Company shall formulate the information disclosure policy in accordance with the relevant provisions of laws, regulations and the rules of the securities regulatory agencies, and follow the principle of the authenticity, accuracy, completeness, comparability and timeliness of the information to disclose the information in a normative manner.

Voluntary supplementation according to the “Guidelines for Listed Companies”

**Article 249** The Company specifies that the “Media name” shall be the media that publishes the Company announcements and other information that needs to be disclosed.

Article 170 of the Guidelines for Listed Companies

**CHAPTER 11 MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

**Section 1 Merger, division, capital increase and capital reduction**

**Article 250** In the event of the merger or division of the Company, a plan shall be proposed by the board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company’s resolution on the merger or division should be prepared for inspection by the shareholders. The aforesaid document should also be dispatched to the holders of overseas-listed foreign shares by mail.

Mandatory Provisions Article 149

**Article 251** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Article 171 of the Guidelines for Listed Companies

The case where a company absorbs the other companies is merger by absorption, and the absorbed company is dissolved. The case where two or more companies are merged to establish a new company is merger by establishment, and all parties of the merger are dissolved.

**Article 252** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company’s resolution on merger and shall publish an announcement on the designated information disclosure newspaper specified by this Articles of Association within thirty (30) days of the date of the Company’s resolution on merger. A creditor has the right, within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

Article 172 of the  
Guidelines for Listed  
Companies  
  
Mandatory Provisions  
Article 150

**Article 253** After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

Article 173 of the  
Guidelines for Listed  
Companies  
  
Mandatory Provisions  
Article 150

**Article 254** When the Company is divided, its assets shall be split up accordingly, the balance sheet and the inventories of assets shall be prepared by the Company. The Company shall notify its creditors within ten (10) days of the date of the Company’s resolution on division and shall publish an announcement on the designated information disclosure newspaper specified by this Articles of Association within thirty (30) days of the date of the Company’s resolution on division.

Article 174 of the  
Guidelines for Listed  
Companies  
  
Mandatory Provisions  
Article 151

**Article 255** The companies after the division shall bear the joint liability for the debts incurred by the Company before its division. However, the case where the Company has entered into written agreement with its creditors on the repayment of the debts before the division of the Company is excluded.

Article 175 of the  
Guidelines for Listed  
Companies  
  
Mandatory Provisions  
Article 151

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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 256** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

Article 176 of the Guidelines for Listed Companies

The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on reduction of registered capital and shall publish an announcement on the designated information disclosure newspaper specified by the Articles of Association at least three (3) times within thirty (30) days of the date of the Company's resolution on reduction of registered capital. A creditor has the right, within thirty (30) days of receiving the notice or, in the case of a creditor who does not receive the notice, within ninety (90) days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

Mandatory Provisions  
Article 23

**Article 257** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

Article 177 of the Guidelines for Listed Companies

Mandatory Provisions  
Article 152

If the Company increases or decreases its registered capital, register such changes with the company registration authority according in accordance with the law.



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APPENDIX III                      AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)  
(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)

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**Article 259** In the circumstance of item (1) of Article 258 of this Articles of the Association, the Company can subsist by amending this Articles of Association.

Articles 179 and 180 of the Guidelines for Listed Companies

Where the Company is dissolved under subparagraphs (1), (2), (4) and (5) of Article 258, a liquidation committee shall be set up within fifteen (15) days of the occurrence of the dissolution events and commence liquidation afterwards, and its members shall be determined by directors or determined at a general meeting by ordinary resolution. If a liquidation committee is not set up within the specified period to carry out liquidation procedures, creditors may apply to the ~~Mandatory Provisions~~ **Article 153** for appointment of relevant persons to form a ~~Liquidation~~ committee so as to proceed with the liquidation.

Mandatory Provisions  
Article 153

**Article 260** Where the board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board is of the opinion that the Company will be able to pay its debts in

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peuidatentith the liquidation.

**Article 261** During the liquidation period, the liquidation committee shall exercise the following functions and duties:                      Article 181 of the Guidelines for Listed Companies

- (1) to ascertain the Company’s assets and separately prepare a balance sheet and an inventory of assets;                      Mandatory Provisions Article 157
- (2) to notify and make announcement to the creditors;
- (3) to deal with and settle the Company’s outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

**Article 262** The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and publish an announcement on the designated information disclosure newspaper specified by this Articles of Association within sixty (60) days of that date. Creditors should, within thirty (30) days after receipt of the notice, or for those who do not receive the notice, within forty-five (45) days, declare their claims to the liquidation committee.                      Article 182 of the Guidelines for Listed Companies  
Mandatory Provisions Article 156

When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

The liquidation committee shall not settle the period when the creditors are entitled to declare their claims.

**Article 263** After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to a shareholders' general meeting or the people's court for confirmation.

The Company's assets shall be used to pay for the liquidation expenses, the wage of the employees, the social insurance expenses, the statutory compensation, the tax arrears and the settlement of the Company's debts, and the remaining assets shall be distributed in accordance with the proportion of the shares held by the shareholders.

During the liquidation period, the Company subsists, but  
proporte  
pr21..131APPLI 263

**Article 266** Members of the liquidation committee should faithfully perform their duties and fulfill their liquidation obligations according to law. Article 186 of the Guidelines for Listed Companies

Members of the liquidation committee shall not exploit their position to accept bribes or other illegal income, and shall not encroach upon the property of the Company.

If the members of the liquidation committee cause losses to the Company or its creditors due to wilful or gross negligence, they shall be liable for the compensation.

**Article 267** If the Company is declared bankrupt according to law, bankruptcy liquidation shall be carried out in accordance with the law of corporate bankruptcy. Article 187 of the Guidelines for Listed Companies

## CHAPTER 12 AMENDMENT TO THE ARTICLES OF ASSOCIATION

**Article 268** The Company may, in accordance with the laws, administrative regulations and the Articles of Association, amend the Articles of Association. Mandatory Provisions Article 161

**Article 269** In any of the following circumstances, the Company shall amend the Articles of Association: Article 188 of the Guidelines for Listed Companies

- (1) The provisions of the Articles of Association are inconsistent with the provisions of the amended or promulgated laws, administrative regulations, departmental rules and normative documents;
- (2) The circumstances of the Company have changed and are inconsistent with the matters described in the Articles of Association;
- (3) The shareholders decided to amend the Articles of Association at a general meeting.

**Article 270** The amendments to the Articles of Association approved by the shareholders' general meeting shall be subject to the approval of the securities regulatory authority before coming into effect if they involve the content of the "Mandatory Provisions of Overseas Listed Companies Articles of Association". If there is any change relating to the registered particulars of the Company, application shall be made for change in registration according to law. Article 189 of the Guidelines for Listed Companies  
Mandatory Provisions Article 161

**Article 271** The board of directors shall amend this Articles of Association in accordance with the resolutions of the shareholders' general meeting and the review and approval opinions of the relevant competent authorities.

Article 190 of the Guidelines for Listed Companies

**Article 272** Where the amendment items of the Articles of Association are subject to the information disclosure required by laws and regulations, announcement shall be made in accordance with the regulations.

Article 191 of the Guidelines for Listed Companies

### CHAPTER 13 SETTLEMENT OF DISPUTES

**Article 273** The Company shall act according to the following principles to settle disputes:

Mandatory Provisions Article 327

- (1) Whenever any disputes or claims arise from the contracts referred to in Article 210 of the Articles of Association, between holders of the overseas-listed foreign shares and the Company, holders of the overseas-listed foreign shares and the Company's directors, supervisors, general manager or other senior management, or holders of the overseas-listed foreign shares and holders of domestic shares, based on the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.
- (2) Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute shall be resolved through arbitration. All person who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, manager or other officers of the Company or the Company shall abide by the arbitration.
- (3) Disputes in relation to the identification of shareholders and disputes in relation to the register of shareholders do not have to be resolved through arbitration.

Hong Kong Listing Rules 19A.54(3)

- (4) A claimant may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.
- (5) If a claimant elects to arbitrate the dispute or claim at Hong Kong International Arbitration Centre, then either party to the dispute or claim may apply to have such arbitration conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.
- (6) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided by laws or administrative regulations.
- (7) The judgement of the arbitration body shall be final and conclusive and binding on all parties.
- (8) The arbitration agreement is made by the director or officer with the company on its own behalf and on behalf of each shareholder.
- (9) Any reference to arbitration shall be deemed to authorise the arbitral tribunal to conduct hearings in open session and to publish its award.

**CHAPTER 14 SUPPLEMENTARY PROVISIONS**

**Article 274 Interpretation**

(1) The term “controlling shareholder” means a person who satisfies any one of the following conditions:

1. a person who, acting alone or in concert with others, has the power to elect more than half of the board members;
2. a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;
3. a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued shares of the Company;
4. a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

(2) The de facto controller is a person who is not a shareholder of the Company but can actually dominate the action of Company by investment relationship, agreement or other arrangements.

(3) The related relationship and related parties, related directors and related shareholders refer to the related parties as defined in Chapter 10 of the Listing Rules of Shanghai Stock Exchange and the Guidelines for the Implementation of Related Transactions of Shanghai Stock Exchange Listed Companies.

(4) “Audited net assets” or “audited total assets” refers to the Company’s absolute net assets value or the closing total net assets value of its latest consolidated audited financial report (owners’ equity).

Article 192 of the  
Guidelines for Listed  
Companies

Mandatory Provisions  
Article 48

Article 9.1 of Listing  
Rules of Shanghai  
Stock Exchange

Article 12 of the  
Guidelines for the  
Implementation of  
Related Transactions of  
Listed Companies

- (5) Transactions, including the following items:
1. Acquiring or selling of assets;
  2. Providing financial support;
  3. Leasing or renting of assets;
  4. Signing a management contract (including commissioned business, entrusted business, etc.);
  5. Gift of assets or receipt of non-cash assets by gift;
  6. Right of claims to debt or debt restructuring;
  7. Transfer of research and development projects;
  8. Signing of a license agreement;
  9. Any other transactions recognized by the Shanghai Stock Exchange.

The term “transaction” as mentioned in the Articles of Association does not include “external investment” matters.

- (6) An affiliated transaction refers to the matter in relation to transfer of resources or obligations between the Company and the Company’s direct or indirect controlling subsidiaries and the related parties, regardless of whether consideration is received or not. Including the following transactions:
1. Acquiring or selling of assets;
  2. External investment (Including entrusted financial management, entrusted loans, investment in subsidiaries, joint ventures and associate enterprise, investment transactional financial assets, available-for-sale financial assets, held-to-maturity investments, etc.);

3. Providing financial support;
  4. Providing guarantee;
  5. Leasing or renting of assets;
  6. Signing a management contract (Including commissioned business, entrusted business, etc.);
  7. Gift of assets or receipt of assets by gift;
  8. Right of claims to debt and debt restructuring;
  9. Transfer of research and development projects;
  10. Signing of a license agreement;
  11. Procurement of raw materials, fuel and power;
  12. Sales of products and goods;
  13. Providing or receiving labor services;
  14. Commissioned or entrusted sales;
  15. Joint investment with the related parties;
  16. Other arrangements that may lead to the matter of transfer of resources or obligations;
  17. Other matters identified by Shanghai Stock Exchange as the related party transactions.
- (7) External investment: refers to the investment activities of the Company using monetary fund and tangible assets, intangible assets as consideration price, to acquire or dispose of the corresponding share or equity, as well as entrusted financial management, entrusted loans, investment transactional financial assets, available-for-sale financial assets, held-to-maturity investments and other activities.

(8) The changes in accounting policies and accounting estimates referred to in this Articles of Association refer to the changes in the accounting policies and accounting estimates as defined in Accounting Standards for Business Enterprises No. 28 – Change of Accounting Policies, Accounting Estimates and Error Corrections.

(9) “Accounting firm” in this Articles of Association shall have the same meaning as “auditors”.                      Mandatory Provisions  
Article 165

**Article 275** The board of directors may formulate detailed rules of this Articles of Association in accordance with the provisions thereof. Such detailed rules shall not contravene the provisions in this Articles of Association.                      Article 193 of the  
Guidelines for Listed  
Companies

**Article 276** All “over”, “within” and “under” in this Articles of Association are inclusive of the base number; “other than”, “less than”, “more than”, “insufficient of” are not inclusive of the base number.                      Article 195 of the  
Guidelines for Listed  
Companies

**Article 277** The major events occurred in the controlling subsidiaries of the Company mentioned in the Listing Rules of Shanghai Stock Exchange shall be regarded as the major events occurred in the Company and subject to the provisions of the aforementioned chapters.                      “Listing Rules of  
Shanghai Stock  
Exchange “ 7.7

Where the equity participated companies of the Company occurs major events as described in the Listing Rules of Shanghai Stock Exchange, the Company shall fulfill its obligation of information disclosure in accordance with the provisions of the aforementioned chapters.

**Article 278** The Company shall formulate the rules of procedure for the shareholders’ general meeting, the board of directors’ meeting and the Supervisory Committee’ meeting, which shall be discussed and approved by the shareholders’ general meeting and attached as an annex to this Articles of Association.                      Article 193 of the  
Guidelines for Listed  
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**APPENDIX III**                      **AMENDED AND RESTATED THE ARTICLES OF ASSOCIATION (DRAFT)**  
**(APPLICABLE UPON THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES)**

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**Article 279** The Articles of Association is written in Chinese. In case of any discrepancy between versions in other languag26924.8(fag26924.8ifferent26924.8versions)2924.8and

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**APPENDIX IV                      AMENDED AND RESTATED THE RULES OF PROCEDURE  
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*Note: The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.*

**NANJING SAMPLE TECHNOLOGY CO., LTD.  
RULES OF PROCEDURE OF SHAREHOLDERS' GENERAL MEETING**

**Article 1** To regularize the action of Nanjing Sample Technology Company Limited (hereinafter referred to as the “Company”) and ensure that shareholders’ general meeting to exercise its duties and powers according to law, this Rules of Procedures are formulated according to relevant provisions of Company Law and other laws, regulations, normative documents and the Articles of Association.

**Article 2** The Company shall convene shareholders’ general meeting strictly according to relevant provisions of laws, administrative regulations, the Articles of Association and this Rules of Procedure to ensure that the shareholders exercises their rights according to law.

**Article 3** The convening and voting procedures of shareholders’ general meeting, including notices, registration, discussion of proposals, voting, vote counting, declaration of voting results, formation of resolutions of meeting, minutes of meetings, signing of the same, public announcements and its content, etc., shall be implemented in accordance with the Articles of Association.

**Article 4** The board of directors shall conscientiously fulfill its duties and carefully and timely organize shareholders’ general meeting. All directors of the Company shall diligently fulfil its duties to ensure the normal convening of shareholders’ general meeting and the legal exercise of duties and powers.

**Article 5** The shareholders’ general meeting shall exercise its duties and powers within the authorised scope prescribed by Company Law and the Articles of Association.

The duties and powers of shareholders’ general meeting prescribed by Company Law and the Articles of Association shall not be exercised by the board of directors or other bodies or individuals as proxy. The shareholders’ general meeting may authorize the board of directors to approve a specific implementation plan after a resolution is reached on matters within its scope of duties and powers.

**Article 6** The shareholders’ general meeting is divided into shareholders’ annual general meeting and shareholders’ extraordinary general meeting. Under the circumstance where the shareholders’ general meeting cannot be convened within the legal prescribed time, it shall report to the local branch of the CSRC where the Company is located and the stock exchange on which the shares of the Company are listed (hereinafter referred to as the “stock exchange”), and explain the reasons and make an announcement.

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**Article 7** Before the Company convenes shareholders' general meeting, it shall employ lawyers to issue legal opinions on the following questions and make an announcement:

- (1) Whether the convening and convening procedures of the meeting meet relevant provisions of laws, administrative regulations, this Rules of Procedure and the Articles of Association;
- (2) Whether the qualifications of persons attending the meeting and convenor is legally valid;
- (3) Whether the voting process and voting results of the meeting are legally valid;
- (4) Legal opinions on other relevant questions issued at the request of the company.

**Article 8** The Company shall fully and completely disclose the specific contents of the proposal of shareholders' general meeting in the Notice of Shareholders' General

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The contents of the proposal shall belong to the matters within the scope of duties and powers of shareholders' general meeting prescribed by the Articles of Association, and materials related to the proposal shall be together submitted.

**Article 10** The Company shall explicitly specify the time and procedure of voting through the internet or other means in the Notice of Shareholders' General Meeting. In the event of online voting, the Company shall prepare announcements related to shareholders' general meeting by using the announcement programming software of Shanghai Stock Exchange according relevant requirements on interim announcement format of specified by the Shanghai Stock Exchange, and disclose in accordance with such regulations.

**Article 11** When the Company submits the disclosed announcement through the electronic information disclosure system of Shanghai Stock Exchange, it shall verify, confirm and ensure the accuracy and completeness of the submitted information about online voting.

**Article 12** The starting time of voting through the internet or other means shall not be earlier than 3:00 p.m. of the day before which the on-site shareholders' general meeting is held, and shall not be later than 9:30 a.m. of the day on which the on-site shareholders' general meeting is held, and the ending time shall not be earlier than 3:00 p.m. of the day on which the on-site shareholders' general meeting ends. If the shareholders attend shareholders' general meeting by the above means, they shall be regarded as presence.

**Article 13** The Company shall fully and completely disclose all the specific contents of all the proposals in the Notice of Shareholders' General Meeting and Supplementary Notice of Shareholders' General Meeting. If the matters to be discussed require independent directors to express their opinions, the Company shall disclose independent directors' opinions and reasons at the same time as publishing the Notice of Shareholders' General Meeting and Supplementary Notice of Shareholders' General Meeting. The Notice of Shareholders' General Meeting and Supplementary Notice of Shareholders' General Meeting shall specify that all the shareholders shall have the right to attend shareholders' general meeting, and may entrust proxy in writing to attend shareholders' general meeting and voting, and such proxy shall not be required to be a shareholder of the Company.

**Article 14** The shareholders attending shareholders' general meeting on-site may inquiry and ask directors and senior management about the matters related to the contents of the proposal during the shareholders' general meeting, and directors and senior management may reply the inquiries and questions proposed by the shareholders under the premise of not violating information disclosure requirements.



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Matter not herein covered shall be executed according to relevant provisions of statutory laws, regulations, departmental rules, normative documents and the Articles of Association. Where there is any inconsistency between rules of this Rules of Procedure and laws, regulations, departmental rules, normative documents promulgated later by the state or the Articles of Association amended through lawful procedures, the latter shall prevail; in such case this Rules of Procedure shall be amended as soon as possible.

**Article 21** This Rules of Procedure shall be interpreted by the board; amendment of the same shall be drafted by the board, which shall take effect after being discussed and approved by the shareholders' general meeting.

**Nanjing Sample Technology Co., Ltd.**

Date:

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**NANJING SAMPLE TECHNOLOGY CO., LTD.  
RULES OF PROCEDURE OF THE BOARD OF DIRECTORS**

**Article 1** To further regularize the rules of procedure and decision-making process of the board of directors of Nanjing Sample Technology Company Limited, and prompt the board of directors and directors to implement the resolution of shareholders' general meeting, effectively discharge their duties, and improve the normative operation and scientific decision-making levels of the board of directors, this Regulation is formulated according to relevant provisions of the Company Law and other laws, regulations, normative documents and the Articles of Association.

**Article 2** The board of directors sets the office of the board of directors to deal with day to day matters of the board of directors and various Special Committee of the board of directors. The daily routine office of the board of directors shall be led by the secretary to the board or representative on securities matters.

**Article 3** Regular meetings of the board of directors shall be convened by the Chairperson of the board of directors. Before the issuance of the Notice of Regular Meeting of the board of directors, the daily routine office of the board of directors shall adequately consult opinions of all directors, and submit a preliminary proposal to the Chairperson of the board of directors for finalising.

The Chairperson of the board of directors shall, as necessary, consult the opinion of general manager and other senior management of the Company before finalising drafting the proposal.

**Article 4** The proposer who has the right to propose the convening of extraordinary board meeting as stipulated by the Articles of Association shall submit the written proposal to convene temporary board meeting signed (stamped) by the proposer to the Chairperson of the board of directors directly or through the daily routine office of the board of directors (except matters within the limit of daily duties and powers of the board of directors proposed by the Chairperson of the board of directors for convening). The following items shall be recorded in the written proposal:

- (1) Name of proposer;
- (2) Reasons of proposal or the objective facts that the proposal is based on;
- (3) Suggested time or duration location and form;
- (4) Specific and clear proposal;
- (5) Contact details of proposer and date of proposal, etc.

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The proposer and special committee shall submit the proposal within the stipulated time, and the contents of the proposal shall belong to the matters within the scope of duties and powers of the board of directors prescribed by the Articles of Association, and materials related to the proposal shall be submitted together.

**Article 5** Upon receiving the abovementioned written proposal and relevant materials, the daily routine office of the board of directors shall immediately notify the Chairperson of the board of directors on that day. If the Chairperson of the board of directors holds that the contents of the proposal are not clear, specific or relevant materials are not sufficient, he can require the proposer to amend or supplement.

The Chairperson of the board of directors shall convene and preside over such a meeting within 10 days from the date he receives the proposal or within 10 days from the date the securities regulatory authority make request. If the Chairperson of the board of directors is unable to perform his duties or does not perform his duties after the proposal is submitted to the daily routine office of the board of directors, the Vice Chairperson of the board of directors shall perform the duties on behalf of the Chairperson of the Board of Directors; if the Vice Chairperson of the board of directors is unable to perform his duties, the director elected by more than half of all the directors shall perform the duties on behalf of the Chairperson of the board of directors.

**Article 6** The daily routine office of the board of directors shall despatch the proposer and written proposal of the extraordinary board meeting as well as meeting materials required for voting by directors when publishing the written Notice of board Meeting.

In the event that the board meeting shall be convened as soon as possible due to urgent circumstance, the Notice of board Meeting shall be given through telephone and other means, which shall include the date and place of board meeting, reasons and proposal, and explanation for convening of board meeting as soon as possible due to urgent circumstance. The convenor shall make relevant explanation at the board meeting.

**Article 7** In the event after the issuance of the regular board Meeting Notice, items such as the date and place or other matters of regular board meeting need to be changed, or the proposal of regular board meeting shall be added, changed or cancelled, a written notice of change shall be sent two days before the original date of regular board meeting to explain the situation and the relevant contents and related materials of new proposal. In the event that the written notice of change is sent less than two days before the original date of regular board meeting, the date of board meeting shall be postponed accordingly, or the board meeting is held on schedule after obtaining approval from all the directors.

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In the event that items such as the date and place and other matters of Extraordinary board Meeting need to be changed after the issuance of the Notice of Extraordinary board Meeting, or the proposal of Extraordinary board Meeting shall be added, changed or cancelled, a prior approval from all the directors shall be obtained and relevant records shall be made.

**Article 8**

directors are present. In the event that the requirement of minimum number of directors for the convening of board meeting cannot be met because some director refuse to attend board meeting or fail to attend board meeting, the Chairperson of the board of directors and secretaries to the board shall also promptly report to the regulatory authority.

board who don't serve as a director shall attend board meeting. The convenor may notify other concerned personnel to attend board meeting as he thinks necessary.

No one shall attend board meeting without notice.

**Article 9**

event of failure to attend board meeting by a director, such director shall first review materials related to board meeting, form a clear opinion, and entrust another director to attend on his behalf in writing. The proxy form shall include the following contents:

- (1) Name of appointer and appointee;
- (2) Brief comment on each proposal by the appointer;
- (3) Authorised scope of the appointer and his opinions whether for, against or abstain on motions to be voted;
- (4) Proxy duration;
- (5) Signature and date of appointer, etc.

If the appointer entrusts other director to sign written confirmation on the regular report, he shall entrust specifically in the proxy form.

The appointee shall submit a written proxy form to the convenor, and explain the situation where he is entrusted to attend board meeting on the attendance book.

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**Article 10** The convenor shall recommend the directors attending board meeting to express explicit opinions on various proposals.

For proposals requiring prior approval or independent opinions from the independent directors according to the regulations, the convenor shall appoint one independent director to read out the written endorsement agreed beforehand or explain the expressed opinions before the discussion of such proposal.

In the event that a director impedes the normal convening of board meeting or influences other directors' speech, the convenor shall promptly stop him.

The board meeting shall not vote on proposals which are not included in meeting notice, except for the unanimous consent of all the participating directors or the postponement of the date of the board meeting. The Director attending as proxy shall not agree to additional proposal nor vote on behalf of the appointing Director unless the appointing Director has made a clear opinion on the proposal that it is not included in the meeting notice in the proxy.

**Article 11** The Director shall carefully read the relevant materials of the meeting and express their opinions independently and prudently on the basis of a thorough understanding of the situation.

The Director may enquire on the necessary information of the decision-making from the daily routine office of the board, the meeting convenor, the general manager and other senior management, the special committees, the accounting firm and the law firm and other relevant personnel and institutions before the meeting; the Director may also suggest to the convenor during the meeting that the above personnel and the office representatives explain the situation on site or in other ways.

**Article 12** The convenor shall timely invite the participating directors to make a vote after the full discussion of each proposal.

The voting opinions of the directors are categorised as for, against and abstain. The participating Director shall choose only one opinion of the above; if the participating Director makes no choice or chooses two or above opinions at the same, the convenor shall request him to choose once again and deem as abstain shall he refuses; those who leave the meeting halfway without return without making a choice are also deemed as abstain.

The voting opinion of the directors is subject to the result of the voting table. Multi-choice, no-choice and qualified opinion are all regarded as abstain.

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The meeting host may, according to the actual condition, decide to invite the participating directors to vote on the proposals in one go after completion of the discussion of several proposals or all proposals. But the decision shall be explained to the participating directors at the beginning of the meeting and obtain the consent of the participating directors.

**Article 13** The secretary of the board/the securities affairs representative shall timely collect the votes of the directors and carry out results counting under the supervision of a supervisor or an independent Director after the completion of the vote of the participating directors.

The meeting convenor shall announce the vote result on site if the result can be obtained on site; otherwise the meeting convenor shall request the secretary of the board to inform the board of the vote result before the next working day after the end of the prescribed vote time.

If the directors vote after the meeting convenor has declared the vote result or after the end of the prescribed vote time, then the vote shall not be counted.

**Article 14** The formation of the resolutions of the board and resolutions that the related directors abstain shall be carried out in accordance with the Listing Rules of Shanghai Stock Exchange and the Articles of Association. If the directors themselves think that they shall abstain, the board shall agree in principle. If the abstain of the directors leads to the number of unrelated directors in the board meeting to be less than three, then the voting shall be submitted to the shareholders' general meeting.

In the event of inconsistency in the content and meaning of different resolutions then the resolution formed later shall prevail.

**Article 15** If the board meeting needs to make a resolution on the profit distribution matter of the Company, it may first notify the certified public accountant of the proposed allocation plan to be submitted to the board and request the certified public accountant to issue draft audit report according to the same (Except that other financial data not involving the distribution has been confirmed). After the making of the allocation resolution, the board shall require the certified public accountant to issue a formal audit report, and the board shall then, in accordance with the formal audit report, the board will vote again on the matter reported to the board based on the formal audited report.

**Article 16** If the proposal has not been passed, the board meeting shall not reconsider the same proposal within one month when the relevant conditions and factors have not showed any significant changes.

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**Article 17** During the course of the meeting, the meeting convenor shall request the meeting to suspend such proposal voting in the event of the following circumstances:

- (1) More than half of the participating directors or more than two independent directors think the proposal is unclear and unspecific;
- (2) More than half of the participating directors or more than two independent directors fail to make judgments on the matter due to the insufficient meeting material and other factors;
- (3) More than half of all the directors agree.

The Director who proposes to suspend the vote shall make a clear request for the conditions which are necessary for the reconsideration of the proposal. After the proposer makes the proposal clear in accordance with the requirements, the proposal shall be implemented according to the proposed procedures for the provisional meeting of this rule.

**Article 18** The board meetings held on site, by video or telephone could be audio-record entirely if necessary.

**Article 19** The meeting minutes of the board meeting shall be made by the board and a separate meeting resolution shall be made according to meeting resolution records on the basis of the voting results.

**Article 20** The participating directors shall sign and confirm the meeting minutes and the resolution record on behalf of themselves and their proxy. The proxy directors who attended the meeting shall sign their names first and then indicate “the proxy of [•] director”. If the directors have different opinions on the meeting minutes or the resolution minutes, they may make a written statement at the time of signing. If the directors deem it necessary, they shall timely report to the supervisory department or make a public statement.



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**NANJING SAMPLE TECHNOLOGY CO., LTD.  
RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE**

**Article 1** To further standardize the mode of discussion and voting procedures of the Supervisory Committee of Nanjing Sample Technology Co., Ltd. (hereinafter referred to as “the Company”), facilitate the supervisors and the Supervisory Committee to effectively fulfill the supervisory duties and improve the corporate governance structure, these rules of procedure are hereby formulated in accordance with the relevant provisions of the Company Law and other laws, regulations, normative documents and the Articles of Association of the Company.

**Article 2** The Supervisory Committee shall set up the office of the Supervisory Committee (hereinafter referred to as the “Routine Administrative Body of the Supervisory Committee”) to handle the routine affairs of the Supervisory Committee.

The chairperson of the Supervisory Committee shall also serve as the person in charge of the Routine Administrative Body of the Supervisory Committee and keep the seals of the Supervisory Committee. The chairperson of the Supervisory Committee may request the secretary of the board of directors or other personnel to assist in handling the routine affairs of the Supervisory Committee.

**Article 3** The Routine Administrative Body of the Supervisory Committee shall collect the meeting proposals from all the supervisors before sending the notice of convening the regular meeting of the Supervisory Committee. When collecting the proposals, the Routine Administrative Body of the Supervisory Committee shall indicate that the Supervisory Committee focuses on the supervision of the standard operation of the Company and the performance of duty by the directors and senior management rather than the management decision of the Company.

**Article 4** The regular meetings of the Supervisory Committee shall be held at least once every six months. Should any of the following circumstances arise, the Supervisory Committee may convene an interim meeting within ten days:

- (1) when proposed by any supervisor;
- (2) when shareholders’ meeting or board meeting has approved the decisions which are not complied with the laws, regulations, articles, rules and regulations of regulatory authorities, the Articles of Association, decisions made by shareholders’ meeting and other relevant regulations;
- (3) when the misconduct of directors and senior managers which may cause material damage to the Company or material adverse effect in the market;

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**APPENDIX IV                      AMENDED AND RESTATED THE RULES OF PROCEDURE  
OF THE GENERAL MEETING, RULES OF PROCEDURE OF  
THE MEETING OF THE BOARD AND RULES OF PROCEDURE OF  
THE SUPERVISORY COMMITTEE TO BE EFFECTIVE UPON  
THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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- (4) when lawsuits are filed by shareholders against the Company, directors, supervisors or senior managers;
- (5) when the Company, directors, supervisors or senior managers are punished by security regulatory authorities or censured publicly by Shanghai Stock Exchange;
- (6) when required by the security regulatory authorities;
- (7) other circumstances provided in Articles of Association.

**Article 5** Where supervisors propose to the Supervisory Committee to convene an interim meeting (except where the Supervisory Committee chairperson proposes to convene meetings concerning daily duties of the Supervisory Committee), the written proposal signed by the supervisors shall be submitted through the Routine Administrative Body of the Supervisory Committee or directly to the chairperson of the Supervisory Committee. The following items shall be recorded in the written proposal:

- (1) name of the proposing r managers;name of thal is base ronangers;name of the reanagers;name of

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**APPENDIX IV                    AMENDED AND RESTATED THE RULES OF PROCEDURE  
OF THE GENERAL MEETING, RULES OF PROCEDURE OF  
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**APPENDIX IV**                      **AMENDED AND RESTATED THE RULES OF PROCEDURE  
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THE SUPERVISORY COMMITTEE TO BE EFFECTIVE UPON  
THE INITIAL PUBLIC OFFERING AND LISTING OF A SHARES**

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**Article 14** The Supervisory Committee shall be responsible to all shareholders, examine the Company's legality and compliance of the financial conditions, monitor the appointment of external audit institution, and protect the legal interests of the Company and shareholders.

**Article 15** The records of Supervisory Committee meeting shall include notice of meeting and meeting materials, attendance book, audio-recording, voting papers, minutes signed by supervisors at the meeting and announcements of the resolutions etc., and shall be retained by the designated person appointed by the chairperson of Supervisory Committee.

The records of the Supervisory Committee meetings shall be kept for 10 years.

**Article 16** The Supervisory Committee shall monitor the connected transaction of the Company and pay attention to the relevant behaviors of related directors and related shareholders.

**Article 17** Supervisors shall be responsible for the decisions made by the Supervisory Committee. The supervisor shall be released from responsibility if he/she has expressed disagreement and has been recorded.

**Article 18** The articles are enacted by Supervisory Committee, approved in shareholders' general meeting, and will be implemented from the date of listing of the Company's initial public offering in Shanghai Stock Exchange. The amendment of this article shall be made by Supervisory Committee and approved at the shareholders' general meeting.

**Article 19** The unstated matters shall be executed according to relevant national laws, regulations, department rules, principle documents and the Articles of Associations of the Company. Where the provisions in these rules are inconsistent with the national laws, regulations, department rules, principle documents and Corporation Article promulgated and amended thereafter by the State, the latter shall prevail and these rules shall be revised in a timely manner.

**Article 20** The Supervisory Committee reserves the right of interpretation.

**Nanjing Sample Technology Co., Ltd.**

Date:

Note: The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

**NANJING SAMPLE TECHNOLOGY CO., LTD.  
PRICE STABILIZATION PLAN FOR THE A SHARE WITHIN THREE YEARS  
AFTER THE A SHARE OFFERING**

Nanjing Sample Technology Company Limited (hereafter referred to as the Company) is going to make application for A Share Offering and Listing (hereafter referred to as ‘the listing’). To stabilize the share price of the Company in the secondary market, protect the interests of shareholders, especially the medium and small shareholders, protect company’s reputation, the Company has formulated the pre-arranged plan aimed at stabilizing the share price of the Company after listing according to relevant laws, regulations and requirements of the normative documents. Details of the plan are as below:

**I. Specific Conditions for Initiating the Plan:**

Within the 3 years after the A Share Listing of the Company, if the company’s closing share price is below the latest audited net asset value per share for 20 consecutive days, the Company shall initiate relevant share price stabilization measures. After the latest audit base date, the net asset value per share shall be adjusted accordingly if the value of the net assets or the total number of shares changes due to profits distribution, capitalization of capital reserve, additional issuance or rights issue.

**II. Specific Measures to Stabilize Share Price**

The Company, shareholders, directors and senior management shall be responsible for stabilizing the share price of the Company, the Company, shareholders, directors and senior management shall analyze the effects to the share price of the Company with factors including the systematical changes on capital market, industry cycle, the business performance of the Company, etc. through qualitative or quantitative method, as well as taking the following actions orderly to stabilize the share price of the Company upon listing:

1. Within 5 trading days after the price stabilization is initiated, the Company shall organize the press conference or road show, and actively communicate with the investors about the operation performance and the financial condition of the Company. In the meantime, the Company shall report on the implementation of the price stabilization plan within 2 working days after the completion of the plan.
2. Repurchase of shares by the Company
  - (1) Within 5 trading days after the price stabilisation plan is initiated, the company shall convene the board meeting to discuss the resolution of repurchase of shares from the shareholders or any qualified persons and convene the temporary shareholders’ meeting to vote on the resolution.

- (2) The resolution shall include the following content: repurchase purpose, the method, price, price range, pricing rules, types of proposed repurchased shares, amount, the proportion of the Company's total share capital, the total amount and source of the capital for repurchase of shares, purchasing time limit, the estimated changes in company's equity structure that may occur after repurchase of shares, the analysis report by the management on the effects to company's operation, finance, and the future development relating to share repurchase.

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4. directors (excluding independent directors) and senior management increase shareholding in the Company.
  - (1) Within 5 trading days, the shareholders of the Company, except the controller shareholder (independent directors are not included) and the senior management members of the Company, after the triggering of increase in shareholding in the Company, shall notice the board in writing about their plan of increasing shareholding in the Company's A-shares which shall be announced by the Company. The plan includes but not limited to information such as the amount range, price range and completion date, as well as the distribution principle of increase in shareholding ratio division among directors and senior management.
  - (2) The amount of the currency funds used to increase shareholding for one time shall not be lower than 30% of the aggregated total salaries that the director or senior management received during the preceding year, and shall not be more than the aggregated total salaries of that directors and senior management during the preceding year.
  - (3) The Company shall undertake to fulfill the aforementioned obligation to stabilize the Company's share price as requisite condition for hiring of the directors and senior managers in the future, and will request such new staff to undertake the same in writing when hiring them.
5. Other plans for stabilizing share price approved by board meeting and shareholders' general meeting.

The Company and the relevant institutions may adopt one or multiple methods mentioned above to maintain the stability of the Company's share price according to company's performance, and market condition. In each calendar year, the Company and the relevant institutions' obligations to fulfill their duties to maintain the stability of share price shall be one time. According to the first part of this plan as agreed between the Company and the relevant institutions, if the plan is terminated due to the increase of share price during the implementation process of the plan, it will be deemed that the Company and the relevant institutions have fulfilled their obligations. When implementing the specific measures mentioned above, the Company shall comply with the principles of maintaining the Company's market position, protect the interests of the Company and public shareholder, and abide by the regulations stipulated by relevant laws and regulations and regulations of the stock exchange, at the same time fulfill other information disclosure obligations according to the listing rules of Shenzhen Stock Exchange and other applicable supervisory regulations.





**(II) Specific remedial measures the Company intends to take for diluted immediate return**

In order to reduce the impact of A share Offering resulting in the diluted immediate return of the Company, the Company intends to strengthen the risk management of the existing business, the efficiency of the daily operation to reduce operating costs, the supervision of the funds raised, promote the project construction, and optimize the profit distribution policy, especially the cash dividend policies and other measures with a view to enhancing the profitability and achieving sustainable development to make up for the diluted return, the details of which are as follows:

1. The Company's existing business operating conditions, the development trend, the major risks and improvement measures
  - (1) The Company's existing business operating conditions and the development trend

The Company is committed to provide information collection, processing and intelligent services solutions relating tong toa35.6( )Tjvra35.6( )ent radia35.6( )fr





with laws and regulations to safeguard the overall interests of the Company, especially the legal rights and interests of the small and medium shareholders. The Company will further emancipate minds, actively and creatively conduct research, optimize and enhance the management. At the same time, the Company will implement further systematic constraints against the directors and members of the senior management of the Company by linking the salaries of the senior management members and the exercise conditions of the new equity incentive (if any) to the implementation condition of the remedial measures for returns of the Company so as to strictly prevent all kinds of officers from causing damage to the interests of the Company by way of transfer of interests and to strictly control any abuse of job position and resources of the Company for personal consumption and behaviour respectively.<sup>3</sup>

To regulate the use and management of the raised funds of construction of investment projects to ensure the safe and efficient use of the raised funds in accordance with the requirements, the Company developed a “Management System of Raised Funds”. In order to protect the Company’s effective and regulated use of the raised funds, upon the funds raised through A Share Offering, the board of directors will continue to oversee the special storage of the raised funds by the Company and cooperate with the supervising banks and the sponsor institutions to examine and supervise the use of the raised funds so as to ensure the reasonable and regulated use of the raised funds and to reasonably prevent the risks associated with the use of the raised funds. The investment projects financed by the raised funds comply with national industrial policies and is conducive to further enhance the market competitiveness of the Company and to realize and maintain the long-term interests of the shareholders. The Company will accelerate the progress of the construction of projects allowed by the capital and complete the preparation work of project construction in advance so that the conditions for commencing the construction will be fulfilled as soon as possible. In addition, the Company will draw lessons from the management experience of the former construction investment projects by the Company, co-ordinate arrangements for every aspect of the progress of work, and strive for realising expected benefits with the early production of the equity investment projects. At the same time, the Company will according to relevant regulations and “Management System of Raised Funds”, strictly manage the use of raised funds, ensuring that the raised funds could be sufficiently and effectively utilized in accordance with the original use.

4. To further optimize the cash dividend policy

In order to further promote the awareness of shareholders' return and provide shareholders with continuous, stable and reasonable investment returns, the Company, according to the "Company Law" and "Securities Law" of the PRC, "No.3 Guideline for the Supervision of Listed Companies-Cash Dividend Distribution of Listed Companies" released by the China Securities Regulatory Commission and the requirements of the Articles of Association, upon the foundation of comprehensive consideration of the actual operation condition and future development needs, has formulated the detailed shareholders' return plan within the next three years after the initial public offering (A Shares) and Listing to establish the continuous, stable and scientific shareholders' return plan and mechanism. In the future, the Company will strictly implement the dividend policy. Under the circumstance of the satisfaction of the profit distribution conditions, the Company will actively provide returns to the shareholders to reduce the immediate diluted return of the Company arising from the A Share Offering of the Company and to ensure that the shareholders' interests, in particular, of the small and medium shareholders are well-protected.

**(III) Undertakings of Responsible Subjects**

1. Undertakings of the Company directors and senior management

In order to ensure that the Company has been able to effectively implement the policies for filling the immediate diluted return, the directors and senior management members of the Company undertake as follows:

- “(1) I will not benefit to other entities or individuals without consideration or under unfair terms, nor will I damage the interests of the Company in any other manner.
- (2) I will act to restrain duty-related spending.
- (3) I will not use Company's assets for investments and spending not related to the performance of their duties.
- (4) I guarantee that the remuneration system formulated by the board of directors or the remuneration committee will be correlated to the execution of the remedial measures for the return of the Company.
- (5) I guarantee that if the company launches equity incentive policies in the future, the condition to exercise the power on equity incentive will be correlated to the execution of the remedial measures for the return by the Company.

- (6) I guarantee that I will actively take all necessary and reasonable measures to ensure the measures to fill immediate return responsible by the Company to be implemented effectively according to the relevant provisions formulated by securities supervisory bodies such as China Securities Regulatory Commission (“CSRC”) and the stock exchanges, etc.

The above undertakings are unconditional and irrevocable. In the event of any false record, misleading statement or material omission in my aforementioned undertakings, I shall give sufficient, timely and effective compensation to the Company or its shareholders. If I fail the above undertakings or refuse to carry out the above undertakings, I agree that China Securities Regulatory Commission and the stock exchange and other securities regulatory authorities impose relevant punishment or take relevant management measures to me in accordance with the relevant regulations and rules.”

2. Undertakings of the Company’s controlling shareholders and the de facto controllers

- (1) Undertakings of the controlling shareholders and the parties acting in concert

Nanjing Sample Technology Group Company Limited as the controlling shareholder of Nanjing Sample Technology Company Limited makes a solemn undertaking together with Nanjing Sample Investment Development Company Limited as the party acting in concert with this controlling shareholder:

“The company will not interfere the operation and management activities of the Company, nor will I harm interests of the Company.”

- (2) Undertaking of Mr. Sha Min, the de facto controller

As the de facto controller of Nanjing Sample Technology Company Limited, I solemnly undertake:

“I will not interfere operation and management activities of the Company nor will I harm the interest of the Company.”



**Article 6** The nominees of the independent directors shall verify and explain the relevant circumstances of the independent directors candidates' conditions for appointment in accordance with the provisions of the Articles of Association.

**CHAPTER 2    DUTIES AND AUTHORITIES OF INDEPENDENT DIRECTORS**

**Article 7** In addition to the rights, obligations and duties endowed by the Company Law and other relevant laws and regulations as well as the Articles of Association, the independent directors shall also exercise the special powers and issue independent opinions according to the Articles of Association, the Guideline for Introducing Independent directors to the board of directors of Listed Companies and other laws, administrative regulations and departmental rules and provisions of normative documents. Before making judgments, independent directors can hire intermediaries institutions to issue an independent financial advisory report to serve as the basis for its judgments.

**Article 8** Independent directors should pay close attention to the capital transactions between the Company and its related parties to understand whether the

**Article 14** Before the convening of board meeting to discuss the annual report, the independent directors shall verify the procedures, the necessary documents and the sufficiency of the information for reaching to reasonable and correct judgement. If they discover situation which are inconsistent with the relevant rules to convene board meeting or insufficient basis for judgement, the independent directors shall propose to supplement, rectify and postpone the convening of board meeting. When such proposals are not accepted, the independent directors can refuse to attend the board meeting, and ask the company to disclose the circumstances and reasons for their absence from the board meeting.

**Article 15** The independent directors should pay high attention to change of appointment of accounting firms during the period of annual audit of the Company. In the event of a change of appointment, the independent directors shall immediately issue an opinion. Major connected transactions, hiring or dismissal of accounting firms shall be submitted to the board for discussion after more than half of the independent directors have agreed. With the approval of all the independent directors, the independent directors may independently employ external auditors and advisory institutions to audit and consult the specific matters of the Company, and the related expenses shall be borne by the company.

**Article 16** The independent directors should pay close attention to the information confidentiality in the process of the Company's annual report to prevent the the occurrence of leakage of insider information, insider trading and other illegal acts.

**Article 17** Secretary to the board of the Company is responsible to coordinate the communication between the independent director and the Company's management, and proactively provide necessary conditions for the5UndependentDdirectoy's performance of

**Article 21** Matters which are not covered by this System shall be executed in accordance with the relevant provision of statutory laws, regulations, departmental regulations, normative documents and the Articles of Association. Where there is any inconsistency between the regulations in this System and provision of laws, regulations, departmental regulations, normative documents promulgated later by the State or the Articles of Association amended through lawful procedures, the latter shall prevail; in such case, this System shall be timely revised.

**Article 22** The board shall be responsible for the interpretation of this System.

**Nanjing Sample Technology Co., Ltd.**

Date:

*Note: The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.*

**NANJING SAMPLE TECHNOLOGY CO., LTD.  
SYSTEM ON PREVENTION FROM MISAPPROPRIATION BY THE  
CONTROLLING SHAREHOLDERS AND OTHER CONNECTED PARTIES**

**Article 1** For the purpose of establishing long-term effective mechanism of Nanjing Sample Technology Co., Ltd. (hereinafter referred to as “the Company”) on prevention against the appropriation of Company’s funds by the controlling shareholders and other connected parties and completely eradicating the fund embezzlement by the controlling shareholders and other connected parties, this system is formulated in accordance with the *Company Law, the Notice on Certain Issues in Fund Transactions between Listed Companies and the Connected Parties* thereof and External Guarantees Provided by the Listed Companies [Z. J. F. (2003) No. 56], *Notice on the Further Clear-up of the Listed Companies’ Funds Misappropriation by Major Shareholders* [Z. J. F. (2006) No. 128] and other laws, regulations, regulatory documents and relevant provisions in Articles of Association.

**Article 2** Funds appropriation referred herein includes but is not limited to operating fund appropriation and non-operating fund appropriation. Operating fund appropriation means that the controlling shareholders and other connected parties, in violation of the regulations on the Company’s funds management, appropriate the Company’s funds directly or in disguised forms and fail to make the repayment within prescribed period in the transactions of operating funds with the Company; non-operating fund appropriation means (1) payments for such expenses as wages, welfares, premiums, advertisement fees, etc. and other expenditures on behalf of the controlling shareholders and other connected parties; (2) repayments of debts on behalf of the controlling shareholders and other connected parties; (3) loans advanced directly or indirectly to the controlling shareholders and other connected parties, either paid or for free; (4) liabilities arising from the guarantee for the controlling shareholders and other connected parties; and (5) other funds provided to the controlling shareholders and other connected parties without the consideration of goods and services.

**Article 3** The Company shall strictly prevent the controlling shareholders and other connected parties from appropriating funds, and make efforts to establish the long-term effective mechanism on prevent from the non-operating fund appropriation by the controlling shareholders.

**Article 4** The Company shall be separated from the controlling shareholders and other connected parties in respect of personnel, funds and financial affairs, shall be independent in institution and business, shall practice independent auditing, and shall independently assume liabilities and risks. The Company’s staff shall be completely independent of the controlling shareholders, de facto controllers and other connected parties. The Company’s assets shall be independent, complete and with clear indication of ownership, and shall not be appropriated or dominated by the directors, supervisors, senior management members, controlling shareholders and other connected parties.

**Article 5** The board, supervisory committee and other internal organizations shall operate independently, independently exercise operation and management rights, and shall not have any organization overlap with the controlling shareholder and other connected parties or otherwise influencing the Company's independent operation.

**Article 6** In the transactions of operating funds of the Company with the controlling parties and other connected parties, the Company shall impose strict restrictions on the Company's funds appropriation by the controlling parties and other connected parties, perform relevant procedures for examination and approval, specify the period of the settlement in operating fund transactions, but shall not fund the controlling parties and other connected parties by providing them with financial assistance in the disguised form of operating fund transaction. The controlling shareholders and other connected parties shall not demand the Company to advance such expenses as wages, welfares, insurance premiums, advertisement fees, etc. for themselves, nor shall they assume costs or other expenditures for each other. The period of the settlement in operating fund transaction of the Company with the controlling shareholders and its connected parties shall be strictly subject to the concluded contract; make a settlement in a timely manner; abnormal operating fund appropriation is prohibited.

**Article 7** The Company shall not provide by the following means any fund, either directly or indirectly, to the controlling shareholders or other connected parties for use:

- (1) Advance loans with the Company's funds, either paid or free, to the controlling shareholders or other connected parties for their use;
- (2) Provide entrusted loans to the controlling shareholders and other connected parties via bank or non-bank financial institution;
- (3) Entrust the controlling shareholders and other connected parties to make investment;
- (4) Issue commercial acceptance bill without real transaction background for the controlling shareholders and other connected parties;
- (5) Repay any debt for the controlling shareholders and other connected parties;  
and

**Article 9** The chairperson of the board of the Company shall be the primary responsible person for prevention against the Company's fund misappropriation by the controlling shareholders and other connected parties; Secretary to the board shall be the responsible person for execution; Chief Financial Officer shall be the responsible person for specific supervision; the Company's Financial Department shall be a functional department for implementing the precautionary measures against fund misappropriation, while Auditing Department for daily supervision.

**Article 10** The directors, supervisors, senior management of the Company and the Chairperson of the board and general manager of the subsidiaries shall be legally responsible for ensuring the safety of the company's funds and property and shall assiduously perform their duties pursuant to the Articles of Associations, Rules of Procedure of the board, Rules of Procedure of the Supervisory Committee, Work Instructions of General Manager and relevant regulations.

The shareholders' general meeting, board meeting and general manager's meeting of the Company shall, according to the rights and responsibilities determined by Articles of Association and relevant company rules of governance, deliberate on and approve the related transactions which occur in the courses of production and operation between the Company and the controlling shareholders and other connected parties, ensure the company's funds and property safety, and prevent from the infringement of the Company's interests by the controlling shareholders and other connected parties.

**Article 11** The Company's Financial Department and Auditing Department shall, on a quarterly basis, inspect the Company and its subsidiaries, report the review results of fund transaction with controlling shareholders and other connected parties, and eradicate the non-operating funds misappropriation by the controlling shareholders and other connected parties.

**Article 12** In the course of preparing the audited annual financial statement of the Company, the certified public accountants employed by the Company shall carry out the special audit on Company's funds appropriation by the controlling shareholders and other connected parties, and issue special notes, on which, the Company shall make an announcement. Independent directors of the Company shall give special notes and independent opinions on Company's accumulated and current related-party guarantees as well as funds appropriation by the controlling shareholders and other connected parties.

**Article 13** Where the controlling shareholders and other connected parties infringe the Company's assets or damage the interests of the Company and public shareholders in the manner of (including but not limited to) funds appropriation, the board shall take effective measures to require the controlling shareholders to stop the infringement and compensate for the losses, and immediately give a written notice to require them to formulate a specific repayment schedule and fulfill the repayment responsibility on time. Where the controlling shareholders and other connected parties refuse to repay or correct their actions, the board shall submit the report to local bureau of China Securities Regulatory Commission and stock exchange and make an announcement, and file a lawsuit against the controlling shareholders and other connected parties. In case of emergency where the legal rights and interests of the Company and shareholders will be irrevocably damaged if property preservation is not immediately applied for, the board is entitled to, in the name of the Company, apply to the People's Court for the adoption of such compulsory measures as closing down, seizing or freezing the shares held by and the Company's assets infringed by the controlling shareholders and other connected parties.

**Article 14** Where the funds are appropriated, the Company shall strictly abide by the implementation conditions of "repaying debts with non-cash assets", while the controlling shareholders and other connected parties shall obey the following rules when they intend to pay off the occupied funds with non-cash assets:

- (1) The assets used for compensation must be in the same business as the Company and are conducive to strengthening the company's independence and core competitiveness, decreasing connected transactions, but shall not be those not having been put into use or having no objective and clear net book value;
- (2) The Company shall employ the intermediaries with qualifications related to securities and futures to carry out the assessment on the assets satisfying conditions of repaying debts with non-cash assets, use the assets assessment value and audited net book value as the price determination basis of repaying debts with non-cash assets (the final pricing shall not damage the interests of the Company) and give a discount after fully considering the present value of the appropriated funds; audit report and appraisal report shall be publicly announced;
- (3) Independent directors shall give independent opinions on the scheme of repaying debts with non-cash assets by the controlling shareholders and other connected parties of the Company, or employ intermediaries with qualifications related to securities and futures to prepare the independent financial advisor report.

- (4) The scheme of repaying debts with non-cash assets for the controlling shareholders and other connected parties of the Company shall be submitted to China Securities Regulatory Commission for approval. Where China Securities Regulatory Commission finds that the scheme of repaying debts with non-cash assets not in conformity with Notice on Standardizing the Transaction between the Listed Company and the Related Parties and the External Guarantee Provided by the Listed Company, or there is any circumstance clearly damaging the interests of the Company and medium and small sized investors, China Securities Regulatory Commission is entitled to put a stop to the implementation of such scheme.
- (5) The scheme of repaying debts with non-cash assets for the controlling shareholders and other connected parties of the Company shall be deliberated on and approved at shareholders' general meeting, in which the disinterested parties shall abstain from voting.

**Article 15** Where the misappropriation of funds by and illegal guarantee provided by the controlling shareholders and other connected parties due to the Company or its subsidiaries' violation of this system causes losses to the Company, the Company shall, in addition to giving internal sanctions and economic penalties to the responsible person, also be entitled to hold such person legally accountable.

**Article 16** This system is applicable to the subsidiaries consolidated into the scope of the Company's consolidated financial statement, and shall be used as a reference to the fund transaction between the Company's controlling shareholders and other connected parties and the subsidiaries consolidated into the scope of the consolidated financial statement.

**Article 17** This system shall be drafted by the board of directors and will come into force after being examined and approved by the shareholders' general meeting. Such procedures also apply to making amendments. The board of directors shall be responsible for interpreting this system.

**Article 18** Matters which are not covered by this system shall be executed in accordance with the relevant state laws, regulations, rules from relevant departments, regulatory documents and the Articles of Association. Where there is any inconsistency between the regulations in this system and laws, regulations, rules from relevant departments, regulatory documents promulgated by the State or the Articles of Association amended through lawful procedures from now on, the latter shall prevail; in such case, this system shall be in a timely manner.

**Nanjing Sample Technology Co., Ltd.**

Date:

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## THE CONNECTED TRANSACTION MECHANISM

### CHAPTER 1 GENERAL

**Article 1** In order to standardize the connected transactions of Nanjing Sample Technology Company Limited (hereinafter referred to as “the Company”), ensure the legality, fairness and reasonability of the connected transactions between the Company and all connected parties, ensure the smooth development of all businesses via necessary connected transactions, and guarantee the legal interests of shareholders and the Company, the Connected Transaction Mechanism (the “Mechanism”) is hereby formulated in accordance with the relevant provisions of *the Company Law of the People’s Republic of China*

The audit committee of the Company shall confirm the list of the connected persons of the Company, report to the board and the Supervisory Committee and revise the list of associates according to the actual situation in time.

**Article 7** The scope of the connected transactions of the Company shall be determined in light of the standards stipulated in the Listing Rules, Guidelines on Connected Transactions, and the Articles of Associations.

**Article 8** The connected transactions of the Company shall fulfill the decision-making procedure according to the Articles of Associations, laws, regulations and normative documents. Except for the System, external guarantees constituting connected transactions shall also be in conformity with the Rules of External Guarantee.

**Article 9** Independent directors shall deliver opinions on the connected transactions of the Company according to the Articles of Association. Major connected transactions shall be submitted to the board for discussion and to the shareholders' general meeting for deliberation after being approved by more than half of the number of independent directors. After obtaining the consent from all independent directors, the independent directors are entitled to employ external auditors and consultancy organizations independently to audit and advise on the Company's connected transactions, while the expenses arising therefrom shall be borne by the Company.

**Article 10** The audit committee of the Company shall review the connected transactions, form a written opinion and report the comment to the Supervisory Committee. The audit committee can hire independent financial advisor to issue a report as the basis of the decision made by the audit committee.

The audit committee of the Company shall deliver their opinions according to *the Guidelines on Connected Transactions*.

The internal section in charge of managing connected transactions of the Company shall be responsible for providing the documents relating to the connected transactions to the audit committee. Besides, the section shall also provide supplementary materials as required by the audit committee.

**Article 11** The Company shall be responsible for disclosing the information relating to the connected transactions in light of the requirements of the Listing Rules, the Guidelines on Connected Transactions, the Articles of Association and the Information Disclosure Management System of the Company.

The listed company shall disclose major connected transactions as important matters in the annual report and half-year report, and the disclosure shall be made respectively with reference to different types of transactions according to the relevant provisions and regulations of the Listing Rules, the Guidelines on Connected Transactions as well as other laws and codes.

**Article 12** The exemption of disclosure and decision making procedures on connected transactions shall abide by the relevant laws, codes and the provisions of the Articles of Association of the Company. The listed company shall make application to the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited for exemption of the consideration and disclosure of the forms of connected transactions.

**Article 13** The listed company shall disclose the principles and methods through which the price of the connected transactions are determined, and explain the fairness of pricing.

### CHAPTER 3 SECTION IN CHARGE OF MANAGING CONNECTED TRANSACTIONS AND FUNCTIONS

**Article 14** The Finance Section is responsible for managing the files of connected transactions, updating the information of the connected parties and upon obtaining the required approval of the Stock Exchange of Hong Kong Limited, filing the documents relating to connected transactions, including but not limited to the internal resolution documents of the Company, the relevant signed agreements, the auditor's report, the asset appraisal report etc.

**Article 15** The Supervisory Committee and the internal audit department are responsible for supervising the connected transactions during the course and delivering their opinions for any violations in time. The Supervisory Committee may report directly to the shareholders' general meeting if necessary.

**Article 16** The Financial Section shall follow the principles of reducing the connected transactions and fair pricing in the formulation of the Guidelines on Connected Transactions. The detailed pricing principles shall be based on the Guidelines on Connected Transactions for implementation.

If the Company purchases the assets of the connected persons, the Financial Section shall make a definite and feasible compensation scheme on the actual earnings less than the predicted ones according to the Guidelines on Connected Transactions.

**CHAPTER 4 SUPPLEMENTARY PROVISIONS**

**Article 17** The Mechanism is formulated by the board and comes into effect with the approval at the shareholders' general meeting. This also applies to the amendments to the Mechanism.

**Article 18** Matters not covered by the Mechanism shall be executed in accordance with the relevant laws, regulations, rules from relevant departments, regulatory documents and the Articles of Association. Where there is any inconsistency between the regulations in the Mechanism and laws, regulations, rules from relevant departments, regulatory documents promulgated later by the State or the legally amended Articles of Association, the latter shall prevail; in such case, the Mechanism shall be revised in time.

**Article 19** The board of the Company shall be responsible for interpreting the Mechanism.

**Nanjing Sample Technology Co., Ltd.**

Date:

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**APPENDIX X      AMENDED AND RESTATED PROPRIETY OF CONTROLLING  
SHAREHOLDERS AND DE FACTO CONTROLLERS**

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*Note: The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.*

**NANJING SAMPLE TECHNOLOGY CO., LTD.  
THE PROPRIETY OF CONTROLLING SHAREHOLDERS  
AND DE FACTO CONTROLLERS**

**Article 1** In consideration of the Company’s actual situations, this Propriety is established in accordance with the relevant provisions of the Company Law and other laws, regulations, normative documents and the Articles of Association for the purpose of further standardizing the activities of the controlling shareholders and de facto controllers of Nanjing Sample Technology Company Limited (hereinafter referred to as “the Company”), improving the Company’s corporate governance structure and ensuring the Company’s normal development in a sound manner.

**Article 2** The meaning of “controlling shareholders” and “de facto controllers” referred to in this Propriety shall be subject to relevant laws and regulations, relevant rules of the stock exchange and the Articles of Association. The following subjects’ activities shall be deemed as those conducted by controlling shareholders and de facto controllers, which is applicable to relevant provisions in this Propriety:

- (1) Legal representative and other organizations directly or indirectly controlled by controlling shareholders and de facto controllers;
- (2) Where the controlling shareholder or the de facto controller is a natural person, his/her spouse and his/her minor children;
- (3) Other subjects deemed by the stock exchange.
- (4) The principal shareholder

The relevant acts of controlling shareholder, de facto controller and other related persons with the Company shall be subject to relevant provisions in the Codes.

**Article 3** The Company’s controlling shareholders and de facto controllers shall, in accordance with relevant provisions, adopt actual measures to assure that the Company has integrated capital and independent personnel, independent finance, independent organization structure and independent business operation, and shall not influence the Company’s independence in any way.

The controlling shareholder and the de facto controller shall use the controlling power in good faith, and shall not use such controlling power to engage in any activity which will damage the legitimate interest of the Company and the minority shareholders. The controlling shareholder and the de facto controller shall support and cooperate with the Company’s internal decision-making procedures.

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**APPENDIX X      AMENDED AND RESTATED PROPRIETY OF CONTROLLING  
SHAREHOLDERS AND DE FACTO CONTROLLERS**

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The controlling shareholder and the de facto controller shall timely handle the transfer procedures with respect to the investment in or transfer of the Company's assets in accordance with the laws and as agreed in contract.

**Article 4** The controlling shareholders and the de facto controllers shall not influence the integrity of the Company's capital in the following ways:

- (1) Sharing of production system, auxiliary production system as well as supporting facilities corresponding to business operations with production-oriented listed companies;
- (2) Sharing of business systems and relevant assets corresponding to business operations with non-production-oriented listed companies;
- (3) Sharing of trademark, patent, non-patented technologies, etc. with listed companies under obviously unfair terms;
- (4) Appropriate, use, profit from and dispose of the listed companies' assets without compensation or under obviously unfair terms;

**Article 5** The Company's controlling shareholder and the de facto controller shall assume faithfully obligations to the Company and public shareholders. The controlling shareholder and the de facto controller cannot misappropriate the Company's capital, illegally provide related persons with guarantees, or damage the legitimate interest of the Company and the minority shareholders by means of exploitation of related transaction, distribution of profits, asset reorganization, external investment, etc.

The Company's controlling shareholder, de facto controller and other enterprises under their control cannot directly or indirectly appropriate the Company's capital assets, or damage the interest of the Company and other shareholders by means of exploitation of related transaction, asset reorganization, disbursement, external investment, guarantees, distribution of profits, or other means. Where there is any related transaction between controlling shareholder, de facto controller and the listed company, the principles of procedural fairness and substantial fairness in related transactions shall be followed, and written agreement shall be signed, without causing transfer of benefits from the listed companies.

**Article 6** The Company's controlling shareholder and de facto controller shall, in accordance with relevant provisions, fulfill the information disclosure obligation and proactively cooperate with the Company in the fulfillment of information disclosure obligation.

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**APPENDIX X      AMENDED AND RESTATED PROPRIETY OF CONTROLLING  
SHAREHOLDERS AND DE FACTO CONTROLLERS**

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When being inquired or investigated by the Company or the stock exchange in relation to matters concerning the controlling shareholders and de facto controllers, the controlling shareholders and de facto controllers shall timely respond within prescribed period in an accurate and comprehensive manner, and provide relevant information. The controlling shareholder and de facto controller shall cooperate with the listed companies' information disclosure and registration of persons in possession of inside information.

**Article 7** The controlling shareholder and de facto controller shall appoint the relevant department and personnel to take charge of information disclosure, and timely inform the Company of the contact information on such relevant department and personnel.

**Article 8** Where one of the following events happening to controlling shareholders or de facto controllers, they shall inform the listed companies in written in the same day of the occurrence of such event and cooperate with the listed companies in information disclosure:

- (1) Change in controlling rights;
- (2) Major asset or debt reorganizations of listed companies;
- (3) Continuous deterioration of operating situations and the entering into bankruptcy or dissolution procedure;
- (4) Other events that may significantly impact the dealing price of a listed



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**APPENDIX X      AMENDED AND RESTATED PROPRIETY OF CONTROLLING  
SHAREHOLDERS AND DE FACTO CONTROLLERS**

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**Article 18** Matters which are not covered by this Propriety shall be executed in accordance with the relevant statutory laws, regulations, departmental regulation, normative documents and the Articles of Association. Where there is any inconsistency between the regulations in this Propriety and laws, regulations, departmental regulation, normative documents promulgated later by the State or the Articles of Association amended through lawful procedures, the latter shall prevail; in such case, this Propriety shall be timely revised.

**Article 19** The board shall be responsible for the interpretation of this Propriety.

**Nanjing Sample Technology Co., Ltd.**

Date:

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## APPENDIX XI AMENDED AND RESTATED THE MEASURES ON EXTERNAL INVESTMENT MANAGEMENT

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Note: The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

### NANJING SAMPLE TECHNOLOGY CO., LTD. MEASURES ON EXTERNAL INVESTMENT MANAGEMENT

#### CHAPTER 1 GENERAL

**Article 1** For the purpose of regularizing the foreign investment behaviors of Nanjing Sample Technology Company Limited (hereinafter referred to as the “Company”) and the subsidiaries controlled the Company, increasing the operation efficiency of the capital, protecting the benefits of the Company and its shareholders and establishing standardised, effective and scientific investment decision-making system and mechanism to avoid investment decision-making mistakes, dissolve investment risks, improve economic efficiency of investment, and realize value maintenance and increase of the Company’s assets, these measures (“Measures”) are formulated according to such laws and regulations and regulatory documents as the *Company Law of the People’s Republic of China* and relevant provisions under the Articles of Association.

**Article 2** The scope of the foreign investment as mentioned in the Measures shall be defined according to the Articles of Association.

All external investment decision-makings of the Company shall be subject to the Measures.

Asset purchase and sale by the Company are not bound by the Measures.

**Article 3** Principles of foreign investment:

- (1) comply with provisions of the state laws and regulations;
- (2) conform to the development strategies of the Company;
- (3) invest on a moderate scale according to the ability of the Company without prejudice to the development of the major business of the Company;
- (4) adhere to the principle of giving priority to efficiency;

#### CHAPTER 2 EXAMINATION AND APPROVAL AUTHORITY OF EXTERNAL INVESTMENT

**Article 4** The Company adopts professional management and a step-by-step examination and approval system in external investment.

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**APPENDIX XI      AMENDED AND RESTATED THE MEASURES ON  
EXTERNAL INVESTMENT MANAGEMENT**

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**Article 5** Investment behaviours mentioned in Article 2 shall be examined and approved by the board and shareholders' general meeting (if applicable) according to the Articles of Association.

The calculation standards of external investment and the required procedures for appraisal, auditing and information disclosure shall be subject to the relevant provisions as stipulated in *Rules Governing the Listing of Securities on Shanghai Stock Exchange*, approved by the board and shareholders' general meeting.

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## **APPENDIX XI      AMENDED AND RESTATED THE MEASURES ON EXTERNAL INVESTMENT MANAGEMENT**

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**Article 8** Through the review and implementation of the foreign equity investment project, the subsidiaries of the company incorporated with such investment shall be managed according to the provisions of Company Law, Articles of Association and Measures for Subsidiary Management of the Company.

**Article 9** The Investment Department of the Company shall be responsible for the archives management relating to the external investment. Upon completion of the investment, the investment-related documents, including but not limited to the internal resolution documents of the Company, the relevant signed agreements, the capital verification report, the assets appraisal report, the approval documents and the registration documents issued by competent authorities will be filed.

**Article 10** The Supervisory Committee and internal auditing department of the Company shall according to their respective duties conduct supervision on the investment project during the course timely suggesting corrections to illegal behaviours, making special reports for major issues and submitting them to the authority responsible for reviewing and approving the investment project for discussion. The Supervisory Committee may report to the shareholders' general meeting directly if necessary.

### **CHAPTER 4    SUPPLEMENTARY ARTICLES**

**Article 11** Formation of the Measures shall be validated upon review and approval by the shareholders' general meeting, and shall come into effect from the date when the shares of the Company are listed on the Shanghai Stock Exchange through initial public offering.

**Article 12** Matters which are not covered by the Measures herein shall be executed according to the relevant state laws, regulations, department rules, regulatory documents and the Articles of Association. Where there are any conflicts between the Measures and the state laws and regulations, department rules, regulatory documents promulgated later by the State or the Articles of Association amended by lawful procedures, the latter shall prevail, and the Measures shall be amended timely.

**Article 13** The board reserves the right of interpretation of these Measures.

**Nanjing Sample Technology Co., Ltd.**

Date:

*Note: The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.*

**NANJING SAMPLE TECHNOLOGY CO., LTD.  
THE POLICY OF ACCUMULATIVE VOTES**

**Article 1** In order to further improve the governance structure of Nanjing Sample Technology Company Limited (hereinafter referred to as the “Company”), regulate the Company’s behavior of electing directors and supervisors (excluding employee supervisors, the same below) and enable the shareholders to exercise full rights, the Policy of Accumulative Votes (the “Policy”) was formulated according to the relevant provisions of Articles of Association of Nanjing Sample Technology Company Limited (hereinafter referred to as the “Articles of Association”).

**Article 2** The cumulative voting system as mentioned in the Policy refers that the number of voting rights enjoyed by holder of domestic shares attending the shareholders’ general meeting at which directors and supervisors not assumed by employee representatives equals to the product of number of shares held by him/her multiplying the number of directors and supervisors to be elected at the shareholders’ meeting. Shareholders attending the meeting may vote for a single candidate of director or supervisor candidate with all right to vote or may freely allocate their votes among the candidates of directors or supervisors. The candidates of directors and supervisors shall be determined by the ranking of the number of votes.

**Article 3** The supervisors assumed by employee representatives shall be democratically elected by the Company Union or congress of assembly of the employees’ representatives etc, which shall not be applicable to relevant requirements of the Policy.

**Article 4** Where two or more directors and supervisors not assumed by employee representatives will be elected in the shareholders’ general meeting, the cumulative voting system can be adopted. In this way, minority shareholders may have the opportunity to elect the Director and supervisor candidates representing their benefits and opinions to be members of the board and Supervisory Committee. The Company shall explicitly state in the notice on convening shareholders’ general meeting that whether the cumulative voting system will be adopted in the Director and supervisor elections.

**Article 5** Where the ratio of shares held by the controlling shareholders is more than 30%, the cumulative voting system shall be adopted in electing directors and supervisors not assumed by employee representatives at a shareholders’ general meeting. The Policy shall be subject to provisions prescribed under the Articles of Association.

**Article 6** In order to ensure that the number of the candidates of the independent directors complies with provisions prescribed under the Articles of Association, the elections of independent directors and non-independent directors shall be conducted separately so as to guarantee the proportion of independent directors.

**Article 7** Before convening the Shareholders' general meeting, the Secretary to the board shall be responsible for organizing and preparing election votes meeting the requirements of the cumulative voting system.

**Article 8** When the shareholder attends and casts his/her vote at the Shareholders' general meeting, the number of votes casted shall not exceed the votes actually held by him/her. Where the shareholder's votes exceed the votes actually held by him/her, such matter shall be handled according to the following situations:

Where all votes of a shareholder are casted to one candidate, the votes shall be calculated according to the votes actually held by him/her.

Where the votes of a shareholder are casted to several candidates, the vote counting officer shall point out to the shareholder and require that he/she needs to reconfirm the votes casted to each candidate until the total number of votes casted is no more than the number of votes he/she actually holds. Where the shareholder refuses to reconfirm the case after the vote counting officer has pointed out the matter to him/her, it shall be deemed that the Director has waived his/her voting right, and all of his/her votes casted are void.

**Article 9** Where the number of votes casted by the shareholder is less than or equal to the total number of votes he/she holds, the votes casted shall be valid and the difference shall be deemed as the waiver of voting right.

**Article 10** Since the accumulative blackball system will make the cumulative voting system extraordinarily complicated, the Company's cumulative voting system only accumulates the vote of assent. Where the director and supervisor are elected with accumulated votes, the ballot doesn't include blackball or abstention votes, and blackball or abstention votes are not counted in the ballot results.

**Article 11** Election Principles of the director and supervisor

The election of directors and supervisors shall depend on the number of votes that each director or supervisor gets.

Where there are two or more candidates of the directors or supervisors who have the same number of votes and that such number of votes are the fewest among all the candidates of directors or supervisors respectively but such number of votes will make the number of electees larger than the number of candidates to be elected, the Shareholders' general meeting shall, according to the procedure of the Policy, conduct a second election among the aforementioned candidates.

Where the elected directors have reached the minimum required number of votes as prescribed in the Company Law, and two thirds of the number of directors stipulated in the Articles of Association in the first election, and the number of the independent directors elected is no less than one third of the total number of elected directors elected but it doesn't reach the required number of all directors as stipulated in the Articles of Association, the second election shall be arranged for the unelected director candidates according to the Articles of Association based on the remaining vacancies of the directors; where the number of the directors elected in the second election still can't reach the number of all directors as stipulated in the Articles of Association, the shareholders' general meeting shall make up for the Director vacancies.

**Article 12** The host of the shareholders' general meeting shall explicitly explain the voting method and election principles of the cumulative voting system to the attending shareholders before their casting of votes.

**Article 13** After the shareholders have voted in the shareholders' meeting, the vote counting officer of the shareholders' general meeting shall count the votes and announce the total votes of each candidate of director and supervisor and confirm the elected directors and supervisors according to the Policy; the host of the shareholders' general meeting shall announce the list of the elected directors and supervisors.

**Article 14** The staggered terms of office shall not be adopted to the terms of office of the directors and supervisors elected through cumulative voting system, that is, the term of office of the elected director and supervisor due to vacancy or by-election shall be the remaining part within one term of office without extending to the next term of office.

**Article 15** Matters which are not covered by the Policy shall be executed in accordance with the relevant state laws, regulations, rules from relevant departments, regulatory documents and the Articles of Association. Where there are any conflicts between the regulations in the Policy and laws, regulations, rules from relevant departments, regulatory documents promulgated later by the State or the Articles of Association modified by lawful procedures, the latter shall prevail; in such case, the Policy shall be timely revised.

**Article 16** The Policy formulated by the board, come into force after being approved in the Shareholders' general meeting shall be implemented on the date when the Company's shares are listed on the Shanghai Stock Exchange.

*Note: The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.*

**NANJING SAMPLE TECHNOLOGY CO., LTD.  
RULES OF EXTERNAL GUARANTEE**

The directors shall focus on whether or not the shareholders of the subsidiaries which are controlled or invested by the Company have provided guarantee in proportion to their shareholding ratio when considering the resolution approving the guarantee.

**Article 9** The Handling Department and the board shall carefully consider and analyze the financial status, operating status, industry prospect and credit of the party guaranteed before making decisions cautiously in accordance with the laws. If necessary, it is optional to engage an independent professional organization to assess the risks of providing external guarantee, and decisions made by the board or the shareholders' general meeting shall be based on such results.

**Article 10** The guarantee to be considered and approved by the shareholders' general meeting shall not be submitted to the shareholders' general meeting until being considered and approved by the board. Such guarantees include but are not limit to:

1. Any external guarantee provided by the Company or the Subsidiaries which are controlled by the Company after the total amount of external guarantee exceeds 50% of the latest audited net assets;
2. Any guarantee provided to those with asset-liability ratio of more than 70%;

**Article 13** The Handling Department shall manage guarantee contracts and related original materials in a proper manner, clear and check in a timely manner, and verify with related authorities such as banks on a regular basis so as to ensure that the filed materials are complete, accurate, and valid. In addition, close attention shall be paid to the effectiveness and terms of the guarantee.

**Article 14** Where the Handling Department identifies any abnormal guarantee contract not examined and approved by the board or the shareholders' general meeting, such matter shall be reported to the board, the Supervisory Committee and the stock exchange and announcement shall be made accordingly.

The Handling Department shall continuously pay attention to the situation of the person guaranteed, investigate and be aware of the specific information about the enterprise lending, collect the latest financial data and auditor's report of the person guaranteed, analyze its financial position and solvency on a regular basis, focus on its operation and management, assets and liabilities, external guarantee, split and merger, change of legal representatives, develop related financial archives, and report to the board on a regular basis.

**Article 15** Where deterioration of the operation of the person guaranteed or important matters such as dissolution, split of the Company is identified, the Handling Department shall make a prompt report to the board. The board shall take effective measures to minimize losses.

**Article 16** After the principal debt of the external guarantee expires, the Company shall urge the person guaranteed to perform repayment obligation within the prescribed time. Where the person guaranteed fails to perform his/her obligation within the prescribed time, the Company shall take requisite remedies in a timely manner.

**Article 17** The continuous guarantee provided by the Company for the extended principle debt upon expiration shall be deemed as a new external guarantee, and the approval procedures for such external guarantee as stipulated in these rules and the obligation of information disclosure as specified under the Articles of Association shall be carried out again.

#### **CHAPTER 4 INFORMATION DISCLOSURE OF THE EXTERNAL GUARANTEE**

**Article 18** The Company shall perform the obligation of information disclosure of the external guarantee in strict compliance with related laws and regulations, department rules, regulatory documents and provisions of the Listing Rules of the Shanghai Stock Exchange, Articles of Association, Information Disclosure Management System.

**CHAPTER 5 ACCOUNTABILITY**

**Article 19** The directors, general manager and other senior management members, personnel of the Handling Department who enters into guarantee contracts beyond the authority and fails to follow the specified procedures, causing damage to the Company shall be liable for compensation; where a crime is alledged, such matters shall be handed over to the competent department for the prosecution for criminal responsibility.

**CHAPTER 6 SUPPLEMENTARY ARTICLES**

**Article 20** The external guarantee provided by the Subsidiaries to the Company or between the Subsidiaries for each other shall be carried out with reference to these rules.

**Article 21** These rules shall be formulated by the board of directors, become effective upon approval by the shareholders' general meeting and come into force from the date when the listing of shares of the Company offered to the public initially on the Shanghai Stock Exchange commences.

**Article 22** Matters which are not covered by these rules shall be executed in accordance with the relevant state laws, regulations, rules from relevant departments, regulatory documents and the Articles of Association. Where there is any inconsistency between the regulations in these rules and laws, regulations, rules from relevant departments, regulatory documents promulgated from now on by the State or the Articles of Association amended through lawful procedures, the latter shall prevail; in such case, these rules shall be in a timely manner revised.

**Article 23** These rules shall be interpreted by the board.

**Nanjing Sample Technology Co., Ltd.**

Date:

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南京三木科技股份有限公司  
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*As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Chang Yong, Mr. Zhu Xiang, the non-executive Director is Mr. Ma Jun; and the independent non-executive Directors are Mr. Hu Hanhui, Mr. Gao Lihui and Mr. Shum Shing Kei.*

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**APPENDIX XVI NOTICE OF THE H SHAREHOLDERS' CLASS MEETING**

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**Nanjing Sample Technology Co., Ltd.\***  
**Sha Min**  
*Chairman*

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## APPENDIX XVI NOTICE OF THE H SHAREHOLDERS' CLASS MEETING

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5. ~~As at the date hereof, the executive Directors are Mr. Sha Min (Chairman), Mr. Chang Yong, Mr. Zhu Xiang, the non-executive Director is Mr. Ma Jun; and the independent non-executive Directors are Mr. Hu Hanhui, Mr. Gao Lihui and Mr. Shum Shing Kei.~~

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